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**Meeting of Governmental Experts from
Developing Land-locked and Transit Developing
Countries and Representatives of Donor Countries
and Financial and Development Institutions
New York, 17 May 1993
Items 3 and 4 of the provisional agenda**

TRANSIT SYSTEMS FOR LAND-LOCKED DEVELOPING COUNTRIES: CURRENT SITUATION AND PROPOSALS FOR FUTURE ACTION

Report by the UNCTAD Secretariat

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Abbreviations

AADAA	Autonomous Customs Warehouse Administration
ALADI	Latin American Integration Association
BARC	Bureau d'Affreitment Routier
BCA	Beira Corridor Authority
BCG	Beira Corridor Group
BNF	Bureau National de Fret
CBC	Conseil Burkinabé des Chargeurs
CFM	Direccao Nacional dos Portos e Caminhos de Ferro
CNUT	Conseil National des Utilisateurs du Transport
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and Caribbean
EMASE	Entrepôts Maliens au Senegal
EMACI	Entrepôts Maliens au Côte d'Ivoire
EMATO	Entrepôts Maliens au Togo
ESAMI	East and Southern African Management Institute
ECOWAS	Economic Community of West African States
IMO	International Maritime Organization
ILO	International Labour Organization
ITU	International Telecommunications Union
ITC	International Trade Centre
MINCONMAR	Ministerial Conference of West and Central African States on Maritime Transport
MOU	Memorandum of Understanding
NCTA	Northern Corridor Transit Agreement
ONT	Office National des Transports
PTA	Preferential Trade Area
RCTD	Road Customs Transport Declaration
RMI	Road Mantainance Initiative
RRP	Railway Reconstruction Programme
SATCC	Southern African Transport and Communications Commission
SIT	Integrated Transit System
TAZARA	Tanzania Railway Cooperation
TIR	Customs convention on the international transport of goods under cover of TIR carnets
TIF	Transports Internationaux par Chemin de Fer
TIM	Procedure for the International Transit of Bolivian Goods Across Peru
TRC	Tanzania Railway Corporation
TRIE	Transport routier inter-états
UDEAC	Economic and Customs Union of Central Africa
UNCTAD	United Nations Conference on Trade and Development
UNTACDA	United Nations Transport and Communications Decade
UNDP	United Nations Development Programme

INTRODUCTION

1. In paragraph 12 of its resolution 46/212 of 20 December 1991 the General Assembly requests the Secretary-General to convene a Meeting of Governmental Experts from Developing Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions in 1993 to review and propose appropriate concrete action to address the problems of land-locked developing countries, to be forwarded to the Trade and Development Board and to the General Assembly at its forty-eighth session, for appropriate action. This report has been prepared in order to assist the Meeting in its deliberations. It focuses on the particular need of land-locked developing countries for efficient transit systems.[1] Although the report addresses a number of key issues pertinent to the transit problem it is not intended to be exhaustive as to the range of questions the Meeting might wish to discuss.

2. In setting the scene for the discussions, the report outlines the fundamentals of the transit problem. It then reviews specific actions which have been taken to address the key transit problem areas. The report finally makes concrete proposals for action by all parties concerned. It draws on previous and ongoing regular and technical assistance work by UNCTAD[2] and other relevant organizations as well as on the information received from Governments of both the land-locked and transit countries. The contributions of a number of United Nations bodies and intergovernmental organizations, which are available to the Meeting as part of the background documentation, also provided useful information which was used in the preparation of this report.[3]

I. NATURE OF THE TRANSIT PROBLEM

A. Magnitude of the problem

3. When the General Assembly, in its resolution 1028(X1) adopted on 20 February 1957, raised the question of land-locked countries and the expansion of international trade, there were only five independent land-locked developing countries - Afghanistan, Bolivia, Lao People's Democratic Republic, Nepal and Paraguay. By 1990, there were 21 independent land-locked developing countries, which together constituted 5.4 per cent of the population of all developing countries.[4] With the transformation of the ex-USSR into the Commonwealth of Independent States (CIS) during the course of 1991, seven new developing landlocked States were created, namely - Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

4. Most land-locked developing countries are very poor. The United Nations has classified 47 countries as least developed. Sixteen of these are also land-locked. Although Bolivia, Mongolia, Paraguay, Swaziland and Zimbabwe are not regarded as least developed, two of these, namely Bolivia and Paraguay, are considered least developed countries in the Latin American context.

5. Land-locked developing countries are a very varied group of countries. Their populations range in size from about 800,000 in Swaziland to some 20 million in Nepal (see table 1). They include countries with mineral resources, such as Zambia, Bolivia and Botswana, countries with rich agricultural resources, such as Paraguay, and countries which have few minerals and whose

land is mainly arid or semi-arid, such as Lesotho. Some of the land-locked countries, notably Niger, Chad and Mali, are very large in area with a low population density, while others, such as Burundi and Rwanda, are small in area with a high population density. However, they all have one thing in common. By definition, they lack territorial access to the sea, and overseas international trade depends on the establishment of transit systems through one other country, or sometimes more.

6. The need for transit facilities and procedures is not something exclusive to land-locked countries. There is for example a growing trade between Central America and the United States of America in which Mexico acts as a transit State. Some land-locked c[illegible]ies themselves, like Afghanistan and Uganda, also provide transit facilities for other countries. Moreover, some of the remote regions of coastal States, such as Northern Cameroon or Eastern Zaire, may rely on transit facilities in other coastal States. But in this case the demand for transit is based on cost considerations and enterprises in these countries still have a choice of using their own ports.[5] The land-locked countries do not have this choice.

7. The relationship between a land-locked geographical situation, international trade and national economic development is a complex one, which depends, among other things, on a country's resources availabilities, the international market for its key exports, and the quality of development management. However, the existence of an efficient, flexible and well-managed transit system is a necessary condition for the international competitiveness of most outward-oriented enterprises in land-locked developing countries. Moreover, the costs and risks of transit aggravate the foreign-exchange problems of land-locked developing countries by reducing the volume and value of exports and inflating the costs of imports. This situation is compounded by the fact that land-locked countries generally have to pay for transit services in foreign exchange.

8. The magnitude of this foreign exchange squeeze is considerable. In 1991, only two land-locked countries, Botswana and Swaziland, exceeded the average value of exports per capita achieved by all developing countries - $US 271 per capita (see table 5). In that year, twelve of the land-locked countries had exports per capita of less than $US 50, and in ten of these countries exports were less than 10 per cent of GDP. Export trade is partly reduced because resources that could profitably be transformed into export commodities are left unutilized as a result of transit cost disadvantages. Development of new export commodities, particularly manufactured exports, is also hampered. Internationally footloose industry, associated with foreign direct investment, is seldom attracted to land-locked countries, and transit cost disadvantages can only be offset with very low wages. A recent study of the competitiveness of small economies in Latin America, for example, has shown that the development of labour-intensive exports is, proportionately, lowest in Bolivia and Paraguay.[6]

9. A rough measure of the transit cost disadvantages faced by landlocked developing countries is provided by balance of payments statistics which show freight costs as a proportion of c.i.f. import values. In 1990, the freight costs were approximately 4.4 per cent of the c.i.f. import values of developed market economies, and 8.6 per cent of the c.i.f. import value of developing countries (see table 3). But for landlocked developing countries in West Africa, they were approximately 22 per cent; in East Africa, approximately 16.5 per cent; and in Latin America, approximately 14 per cent. The freight costs of the sample of landlocked countries exceeded the freight costs of all countries on their respective continents by between 6 and 11 percentage points.

10. These balance of payments estimates are confirmed by more detailed commodity specific analysis of the difference between the freight costs for imports from the United Kingdom borne by a set of coastal and landlocked destinations in Africa. The costs borne by land-locked countries were between 4 per cent and 13.5 per cent higher than these borne by coastal countries.[7]

11. A comparison of the balance-of-payments accounts of land-locked developing countries with the accounts of other developing countries indicates, inter alia, that a large proportion of the foreign-exchange earnings of land-locked developing countries is absorbed in transport payments. Statistics on payments to foreign carriers for transport services indicate that in 1990 such payments exceeded 10 per cent of exports of goods and services in 13 land-locked countries, and in 9 of these 13 countries exceeded 25 per cent. Payments to foreign carriers for transport services absorbed 50 per cent of Malawi's exports of goods and services, 48 per cent of Chad's, 41 per cent of Uganda's, 42 per cent of Mali's and 38 per cent of Burkina Faso's. The average for all developing countries was about 6 per cent.[8]

B. The complexity of transit cooperation

12. Although the trade performance of land-locked developing countries depends critically on the nature of transit systems serving their overseas exports and imports, they, acting alone, cannot establish, manage and maintain such systems. Transit by road, rail or water necessarily implies the joint use by landlocked and coastal countries of the transport facilities of the latter, and also jointly agreed rules and procedures to facilitate speedy and efficient transit. Cooperation between land-locked countries and their transit neighbours is thus of critical importance. This is well illustrated in Western Europe where the transit problems have been significantly reduced through the development of efficient transit infrastructure facilities and services and the effective implementation of transit facilitation measures by both the land-locked countries and their transit neighbours.

13. Unlike in Europe, where there is a high volume of intra-regional trade and where land-locked and coastal States each have a mutual stake in efficient transit systems, the structure of the economies of both the land-locked developing countries and the developing coastal transit States is strongly oriented towards overseas markets and sources of supply. The implications of this orientation are different for coastal States on the one hand, and land-locked States on the other. The design of efficient transit systems to support international trade may not be a priority concern for the governments of coastal transit States but for land-locked countries it is vital. Governments of coastal States are more concerned about customs transit security, particularly if their trade policies are protectionist. They also are naturally concerned to allocate scarce investment funds to meet their own national transport needs; to set up national arrangements for the use and maintenance of facilities in their own national interests; and to devote scarce human resources and institutional capabilities towards facilitating their own international trade. The need of land-locked developing countries for transit can thus constitute for transit States a problem.

14. Two important conflicts of interests between landlocked and coastal transit States with regard to transit priorities are:

- International trade efficiency versus customs security and border control.

- Risk minimization through development of alternative routes versus efficient and viable investment in transit facilities.

15. A coastal transit State is concerned to ensure customs security, preventing goods bound for a landlocked country being diverted into the coastal country en route or being smuggled back into the coastal country after arrival in the landlocked country. It is also concerned to maintain border controls and ensure compliance with its national regulations on means of transport (such as axle-loads, safety regulations, etc), and those related to the nature of goods (veterinary requirements, standards for transport of dangerous goods, etc). But the procedures required for customs security and border control conflict directly with a landlocked country's need for maximum transit efficiency.

16. For land-locked countries an important transit objective has been to develop alternative routes to the sea through different coastal transit States. This policy is not without costs, for making alternative routes operational may require extensive government intervention in markets to re-direct importers and exporters away from traditional routes. New investment and institutional arrangements are also required[9], and economies of scale are lost. However the development of alternative routes not only minimizes the risk of economic shocks arising through disruptions in the main transit corridor on which its international trade depends.[10] It also opens up the possibility of 'commercializing' the transit issue by fostering competition between ports and transit corridors. In the absence of alternative routes, there is always the possibility that some of the agents in a transit corridor attempt to benefit from their monopolistic position.[11]

17. But whereas for land-locked countries, the balance between costs and risks may suggest a strategic case for the development of alternative routes, such development poses practical problems for coastal transit States, as it renders transit traffic more uncertain. There is inevitably a conflict of interest, as a coastal transit State is concerned to ensure that investments in transit facilities are efficient and profitable, and that transport capacity is not excessive.

18. There are, of course, some mutual advantages which can be gained through cooperation between landlocked developing countries and coastal transit states in this field. Firstly, the expansion of the overseas trade of landlocked countries leads to increased service exports in the coastal countries. Earnings from international road haulage, railway transport and port services can be a significant source of foreign exchange in some transit countries. For example, estimates of the foreign exchange revenues accruing to Kenya and United Republic of Tanzania from transit operations made in 1990 suggest that Kenya generates about US$ 87 million in gross transit revenues and that real earnings are possibly between US$ 80-95 million, equivalent to about 45 per cent of Kenya's tea exports. Total gross revenue to United Republic of Tanzania is about US$ 29 million.[12] Secondly, the existence of a substantial transit trade may enable economies of scale to be obtained in transport and port operations which otherwise could not be secured. Thirdly, improved access of land-locked developing countries to the sea and world markets can also lead to improved access of adjacent inland regions of coastal transit states, and can promote investment along transit corridors. Finally, procedures and institutional arrangements designed to facilitate the transit traffic of landlocked countries can provide the basis for broader regional transit procedures and arrangements which can serve to promote intra-regional trade from which both coastal States and land-locked countries can benefit.

19. As long as appropriate charges are made to cover the costs of using infrastructure, net benefits will flow to coastal countries from transit operations. However, these advantages are

not always transparent. The benefits of investments in transit infrastructure are usually spread over a long period. It may also be difficult to establish equitable and workable cost- and benefit-sharing arrangements to enable joint ventures in the field of transport. The transit country may be uncertain about the volume of transit traffic which will use a facility, and the landlocked country may be uncertain about the reliability of future access to that facility. Many of the transit countries are also themselves poor. In such circumstances, transit trade can be an additional burden at a congested port and an added load for an inadequate and overworked transport system.

20. Protectionist measures with regard to the transport sector may appear attractive to coastal or landlocked states, if they are seen to offer short-term advantages, such as immediate employment creation in the road haulage sector, or commercial viability for railway authorities who might wish to divert the bulk of transit cargo to railways. In some circumstances, political relations between landlocked and coastal transit states may be strained, and then cooperation in the field of transit can be negatively linked to such poor political environment.

21. Finally, it must be emphasized that the transit problem is not simply a problem of State policies and actions. The working of transit system also depends upon the economic actions of a multiplicity of agents, both public and private. Throughout the system, regulations designed to achieve jointly agreed transit objectives may establish opportunities for private gain which can, in the end, subvert the intention of inter-governmental cooperation. Examples are the informal 'taxation' at police road blocks. Pressures to upgrade and improve transit systems thus depend ultimately on the benefits to users of transit systems and to providers of transit services. In some cases, however, such individuals and interest groups may gain from transit systems which are inefficient, slow, insecure, inflexible and poorly managed, in which case there is inevitably inertia against improvement from them.

22. To summarize : the fundamental aspects of the transit problem are rooted in the need for bilateral and regional cooperation to establish, manage and maintain a transit system; the asymmetry in the economic dependence of land-locked and coastal transit states on efficient transit systems; conflicts of interests between these two types of States regarding transit priorities, coupled with uncertainty and weak transparency with regard to mutual advantages; and incentive structures and systems of responsibility which encourage, amongst some individuals and interest groups, an inertia against the improvement of transit systems.

C. Alternatives to transit

23. Air freighting represents a possible alternative to transit. The data available, however, indicate that air freight operations have been expanding relatively slowly in land-locked countries. The present use of international air freight services by most of the land-locked developing countries is largely centred on the importation of high value manufactured and commercial goods, with imports exceeding exports by a wide margin. Some export trade has been built up based on the air freighting of perishable goods such as flowers, fruits, vegetables, fish and meat, and of higher value goods such as bristles, skins, leather, pyrethrum extracts, carpets and precious metals.[13] The limited opportunities for this perishable and high value traffic are being reasonably well exploited within the capabilities of presently limited available air transport services. But the costs for such operations would be reduced considerably if governments of land-locked countries in liaison with their neighbours would enter into regular pooling airfreight

arrangements which would permit economies of scale. Currently such arrangements are largely on an ad hoc basis. There are also physical and management problems. Many land-locked developing countries do not have adequate infrastructures including the surface distribution systems since considerable resources are required to develop the air transport industry.[14]

24. The other alternative to transit is to develop regional trade with neighbouring countries. Although the direction of trade of the majority of land-locked countries is focused predominantly on overseas markets and sources of supply, it is evident, with regard to imports, that enterprises in land-locked countries have sought to avoid transit problems by procuring form regional sources where it is possible[15]. This can reduce transport costs and also, by reducing transit uncertainties, allows stocks to be kept down. But regional suppliers are able to realize monopoly profits equivalent to the extra costs entailed in obtaining imports form overseas. With regard to exports, both traditional and non-traditional products sold by land-locked countries are directed towards overseas markets. Attempts by land-locked countries to develop regional exports are hampered by the familiar fact that the demand of most of the neighbouring States for such exports is very limited. In the long term, land-locked countries may reduce their reliance on transit systems through the re-structuring of their economies towards greater regional trade. This is a long-term and very complex task, though there is a need to identify regional trading opportunities where they arise.

II. ACTION IN SPECIFIC PROBLEM AREAS

A. Regulatory framework

25. Transit traffic is facilitated by legal agreements and conventions which establish the principles and modalities which govern the development of transit infrastructure, arrangements for its use, management and maintenance and day-to-day transit procedures. The problems which have to be addressed in relation to the regulatory framework are: the establishment of appropriate rules to govern transit in particular situations; and the establishment of an appropriate mechanism to ensure that rules are implemented. The latter problem is most urgent at the moment.

26. The modalities of transit traffic can firstly be greatly simplified and harmonized through wider adherence to specific technically-oriented international conventions on such matters as customs procedures and carriers' liability and insurance. The key technical conventions include the Kyoto Convention (Annex E.1 and F.1); the TIR Convention, regarding international road traffic and multimodal operations; the Customs Convention on Containers, 1972; the International Convention on the Harmonization of Frontier Controls of Goods, 1982; the Hague Convention; and the Warsaw Convention. At the moment ratification of most of these international conventions is however not widespread. The land-locked and transit countries which have accepted and ratified these conventions are shown in Annex 2.[16]

27. There are also a number of multilateral treaties which provide general guidelines for safeguarding the interests of both land-locked and coastal States in relation to transit issues.[17] Notable amongst these are the Convention on Transit Trade of land-locked States (1965), and Article V of GATT. However, to date no more than 19 developing countries have subscribed to the 1965 Convention, and nearly a third of the land-locked developing countries have yet to ratify it. With 104 Contracting Parties, the GATT is one of the treaties which is most adhered to, but none of the land-locked countries of Asia are members (see Annex 2). The UN Convention on the Law of the Sea concluded in 1982, addresses the transit issue in part X. However, the treaty has not yet come into force for lack of the required number of instruments of ratification or accession.

28. Even when these treaties are ratified their implementation needs to be supplemented by bilateral and subregional agreements related to many other aspects of transit traffic operations. Much effort has been made in the past to promote a range of bilateral transit agreements in Africa, Asia and Latin America. In Africa and Latin America further initiatives have been taken to promote subregional agreements within the framework of such cooperation schemes as PTA, SADCC, UDEAC, ECOWAS and ALADI (see Annex 3). These initiatives are particularly important because of the multi-country dimension of the transit problem. In Asia however, transit issues continue to be addressed only in a bilateral context. These efforts clearly reflect the political will to improve the transit system. However, the implementation of these agreements remains poor because of inefficient monitoring and enforcement mechanisms.

B. Transit infrastructure and arrangements for its use, management and maintenance

1. Road transit

29. Road transit plays an important role in the international transport of land-locked developing countries. Its significance however varies by country and by corridor[18] but throughout the world its role is increasing. Given the long distances between the major commercial centres of the land-locked developing countries and their nearest seaports (which is over 1000 km. for 11 of them), this is not necessarily the most cost-effective arrangement as it is over such long distances that railways can usually compete successfully with road operations. However, importers and exporters, particularly of higher-value goods, often prefer this mode, despite higher freight costs, because of the possibility of achieving better service standards than other modes in terms of speed and security in transit.

30. The major problem-areas with regard to road transit are:

- the extent and condition of the road network and multi-country arrangements for its maintenance;
- legal and administrative barriers to international road traffic;
- the high price of road transit services.

Road network and its maintenance

31. Investment in the expansion of the road transit infrastructure in many of the land-locked developing countries has been quite significant with sizeable resource allocations to road development projects, often with the assistance from the international community. Since 1977, for example, the EEC alone has committed over 200 million ECUs to the road transit corridors linking the port of Mombasa to the land-locked countries of Uganda, Burundi and Rwanda. There are similar donor supported major projects in other corridors serving land-locked countries. In the African region as a whole, for example, the second phase (1984-1988) of the United Nations Transport and Communications Decade (UNTACDA) gave highest priority to the road transport sector.[19] Within the UNTACDA Programme of Action, ECA has specifically promoted the development of 5 Trans-African Highways which will facilitate the physical integration of the continent. They are: The Lagos-Mombasa Highway; The Lagos-Nouakchott Highway; The Dakar-N'Djamena Highway; The Algiers-Lagos Highway; and the Cairo-Gabarone Highway. These routes complement the major transit corridors which provide access to the sea for the land-locked countries on the continent. These Highways are being developed with donors assistance and are being coordinated by Intergovernmental Committees. As of now the five highway projects cover a total length of 31519 km while their feeder links total 43066 km.[20]

32. The key problem-area regarding road infrastructure is not missing links in the international network, and in national feeder-roads to that network, but rather the deterioration of the road infrastructure owing to inadequate maintenance. This is particularly serious in Africa where it has been estimated that neglected maintenance has left about half of Africa's paved roads and 80 per cent of the unpaved main roads in poor to fair condition.[21] There are a number of factors that have contributed to the deterioration of existing trunk routes serving the land-locked countries. The tendency to overload freight vehicles has been rampant. There is an urgent need to set axle-load limits and to harmonize axle-load regulations concerned with international road use. The PTA Treaty in Annex VII Article 3 (i) for example has called upon

member States to adopt common rules and regulations governing the dimensions, technical requirements, gross weight and load per axle of vehicles used in inter-state trunk roads. This was geared to prevent undue rapid deterioration of road infrastructures. In December 1991, the PTA agreed that the vehicle axle load limit should be 8.0 tons. In practice, however, this axle load limit is often violated. Truck operators complain of under-utilization of vehicles if strict enforcement is applied. Considering the long-term benefits of having good roads the agreed axle load limit should be enforced. In addition, low priority is given to allocating funds for road maintenance. In Africa this is indirectly linked to the apparent weak commitment on the part of governments towards road maintenance. The Road Maintenance Initiative (RMI) of the World Bank, which is part of the sub-Saharan Transport Programme, is encouraging governments to improve the collection and disbursement of funds for road maintenance.

33. Transit countries are naturally concerned about the effects of transit traffic on their road infrastructure. One approach which they have adopted to minimize those effects is to establish regulations which forbid road transit and divert goods to railways. This can be particularly burdensome for enterprises in land-locked countries if railways are slow and unreliable, and proper interface facilities and procedures have not been established to facilitate transshipment between road and rail. Another approach is to establish road transit charges (which are sometimes applied only to foreign trucks). Road user charges are also an acceptable practice, but they can lead to an uncertain business environment if they are arbitrarily imposed and charged. Moreover, road transit charges should be related to costs.

34. An important initiative with regard to the rationalization and harmonization of road transit charges has been made by PTA, though implementation has been slow. An agreement on harmonized road transit charges was first made in November 1990 and was meant to come into effect in July 1991. Unfortunately differences in opinion amongst Member States regarding the most appropriate method of harmonizing charges resulted in uneven application. In the face of this situation a review was undertaken, and the 4th meeting of PTA Ministers of Transport, Communication and Works agreed the following fundamental principles: (i) transit traffic (including nationally registered vehicles involved in transit traffic operations) must pay for the use made of highway infrastructure; (ii) payment must be related to the cost of providing and maintaining the highways used; (iii) revenue realized from payments made by transit traffic must be utilized in maintaining and improving the highway links in question so as to minimize vehicle operating costs, and; (iv) there should be no other additional charges imposed on vehicles engaged in transit traffic operations. In January 1992 the PTA member States agreed to implement the harmonized road transit charges. To date Malawi and Zimbabwe are implementing the PTA charges, Uganda and Tanzania are levying charges very close to the agreed levels. The other agreed principles are also being adhered to although in various degrees.

Legal and administrative barriers to international road traffic

35. In addition to existing problems with infrastructure the efficiency of road transit services is adversely affected by an operational environment which is characterized by administrative barriers, standards which vary from country to country, and complex and non-harmonized procedures. Improvements with regard to the reduction and removal of these non-physical barriers are difficult to achieve because it is necessary to establish a delicate balance between the requirements of the transport industry and the national economy on the one hand, and the necessity to conform with indispensable governmental regulations relating to national health and security, insurance, customs duties and taxes, etc. on the other hand. The task is particularly

complex for road transit because facilitation measures are required in a range of areas which relate to: (i) the international road transport of goods (customs transit systems; border control measures to ensure compliance with medico-sanitary, veterinary, phyto-sanitary inspections, etc., provisions for transport of dangerous goods); (ii) the passage of vehicles (licensing and permit systems; international vehicle insurance; taxation of road vehicles in international traffic; weights and dimensions of vehicles); and (iii) international transport operations (liability regimes, highway legislation).

36. Within Africa, major efforts have been made to facilitate international road transport through the work of regional organizations. Some of the main regional agreements include:

- **ECOWAS**: **(i)** protocol on establishment of ECOWAS Brown Card relating to vehicle third party liability insurance; **(ii)** convention of TRIE (Transport Routier Inter-Etats) which establishes the use of a carnet, establishes guarantee bonds, and outlines clearly the re-export procedures; **(iii)** convention relating to inter-state road transit goods which allows transit free of duties, taxes and minimum restrictions, and **(iv)** agreement on harmonization of highway legislation;

- **PTA**: **(i)** protocol for vehicle third party liability insurance; **(ii)** protocol on transit trade and facilities, and the Road Customs Transit Declaration Document (RCTD); **(iii)** protocol on simplification and harmonization of trade documents and procedures, and; **(iv)** the coupon system for the payment of transit charges.

- **UDEAC**: the Union Treaty embraces several protocol agreements and conventions on trade and transport including the "Transport Simplifie" clause which still needs to be implemented effectively.[22]

37. An evaluation of these measures made by ECA suggests, as mentioned above, that in general there is a major gap between ratification and implementation of agreed measures.[23] The most successfully implemented protocol has been the PTA Third Party Motor Vehicle Insurance Scheme.

38. There are a number of other legal / administrative measures that have been taken to regulate degree of access of foreign road hauliers within the national territory of both land-locked and coastal countries. One restrictive approach to international road traffic is to reserve movement by road over national roads only to national operators. Such restrictions have been practised in the transit traffic of two land-locked developing countries, namely Lao PDR and Afghanistan. Such restrictions result in significantly higher costs as goods have to be transshipped from one country's trucks to another's.

39. The limited access of road hauliers based in Botswana, Lesotho and Swaziland to the South African market used to be a serious problem in the South African Customs Union. However, in September 1990, Botswana, Lesotho, Swaziland (the BLS countries) succeeded, after protracted negotiations, in signing a Memorandum of Understanding (MOU) with South Africa. The MOU eliminates the system whereby the BLS operators, under very rigorous rules, had first to apply for a permit to operate in South Africa, and it essentially provides more scope to the BLS countries to move more transit traffic. However, in order for the BLS countries to benefit fully from the enlarged quotas of vehicles permitted to operate in South Africa the road haulage industry in those countries needs to be significantly upgraded.[24] The extent to which road

hauliers can compete for traffic is also limited by the regulatory policy of South Africa designed to divert a larger share of traffic to the railways.

40. In West Africa, agreements have been made to allocate transit cargo between national truckers of land-locked and coastal countries on a 2/3 - 1/3 basis. This arrangement is effective with respect to Burkina Faso, Niger, the Central African Republic and Mali and their main transit neighbours. Key institutions have been established to ensure that the distribution of traffic is fulfilled, notably Conseil Burkinabé des Chargeurs in Burkina Faso, the Conseil National des Utilisateurs du Transport (CNUT) in Niger, the Bureau d'Affreitement Routier (BARC) in the Central African Republic, and the Office National des Transports (ONT) in Mali.

41. The above arrangements are designed to support and promote the road haulage industry of the land-locked countries in the subregion. However, their effects on the efficiency of transit operations has been seriously questioned and Governments in the sub-region have been urged to deregulate freight allocation and to encourage total freedom of choice to shippers and freight forwarders.[25]

High cost of road transit services

42. The costs of road transit services are very high. This is a particular problem in Africa where it is estimated that road transport prices are on average 2.5 to 3 times higher than those of other regions of the world.[26] Available statistics for the corridors of Lomé to Niger, Abidjan to Burkina Faso, and Mombasa to Rwanda/Burundi suggest that the road transport costs in their transit corridors were approximately 50 per cent of total door-to-door transport costs from North Atlantic ports in 1990.[27] Action in this area can be particularly important to reduce transit costs.

43. Among the factors which contribute to high road transit costs are poor road conditions resulting from inadequate maintenance and weak management capacity. Other factors particularly important in the corridors serving land-locked countries include low vehicle utilization (which is due to the imbalance between the volume of imports and exports and the consequent difficulty to gain return load) and cumbersome administrative procedures which govern road transit operations. Efforts to develop an independent road haulage industry through government support measures can also have counter-productive effects in terms of costs. Rwanda's policy of minimizing dependence on foreign trucking capacity through the creation and financial support of a parastatal transport company and through administrative protection to Rwandese truckers, for example, has been successful in terms of its own objectives. The proportions of Rwandase imports carried by national vehicles rose from 10 per cent in 1981 to 59 per cent in 1987. But it is estimated that in the late 1980s transport charges were approximately 30 per cent higher than they would have been in free market conditions.[28]

2. Rail transit

44. Whilst an increasing proportion of the transit traffic of land-locked developing countries is carried by road, railways remain important, particularly for Southern Africa where the land-locked countries of Zimbabwe, Zambia, Botswana and Swaziland depend heavily on rail links to the South African ports of Durban, East London and Port Elizabeth and to Mozambiquan ports of Beira (and Maputo) and to the Tanzanian port of Dar-es-Salaam, as well as for the corridors connecting Bolivia to the Pacific ports of Arica and Antofagusta in Chile and Rosario and Buenos

Aires in Argentina; Mali to Dakar in Senegal, Burkina Faso to Abidjan in Côte d'Ivoire; and Uganda to Mombasa in Kenya. The basic rail transit infrastructure was established long ago, and usually reflects colonial objectives of extracting raw materials. Direct rail links between the land-locked countries and the seaports are not always available, and in such cases there has developed a combined transit system, either road-rail (e.g. Douala-Chad, Cotonou-Niger), rail-inland waterways (e.g. Dar-es-Salaam-Burundi, Mombasa-Uganda), or rail-inland waterway-road (Pointe Noire-Central African Republic, Dar-es-Salaam-Malawi).

45. Most of the railways servicing the land-locked countries are constrained by unsatisfactory maintenance of railway infrastructure and equipment, inadequate locomotive power and rolling stock and poor marshalling facilities. These factors may also be relevant with respect to railways in coastal States but the problem is compounded when railways traverse international borders.

46. The main problems and important areas of action with regard to rail transit are:

- The condition of infrastructure, rolling stock and their maintenance on international lines;
- The establishment and working of inter-railway agreements; and
- The low quality of services, associated with weak management practices in the face of a general economic crisis.

Rail transit infrastructure

47. Important projects and programmes to rehabilitate and develop railways infrastructure have been initiated in Latin America and Southern Africa. Several donor supported programmes are also in place to rehabilitate infrastructure in the transit corridors where rail is of crucial importance in West and Central and in Eastern Africa.[29] The railway authorities of the Government of India have launched a massive scheme to convert all the existing meter gauge line to broad gauge by the end of the year 2000. This initiative should help rail transit from the port of Calcutta to the border posts in Nepal, a journey which currently involves transshipment as there are two different track gauges.

48. The projects in both Latin America and Southern Africa are notable for their comprehensive approach. The Latin American project, called the "Corredor de los Libertadores", was launched in 1990 by seven countries - Bolivia, Peru, Brazil, Paraguay, Uruguay, Argentina and Chile.[30] The present rail system in the region is characterized by the existence of three different track gauges and a number of "missing links". The "Corredor de los Libertadores" project is designed to create a 15,000 km transcontinental freight network, relying heavily on combined transport, from the motley patchwork existing today. This regional network will consist of 4 major routes: a central route via the Andes between Argentina and Chile; an Atlantic line linking Argentina, Paraguay, Uruguay and Brazil, a central transcontinental link between Brazil and Chile via Bolivia; and a coast-to-coast route between Argentina and Peru via Bolivia. The estimated cost of the operation is US$ 70 million. Bolivia and Paraguay which heavily depend on rail for their transit transport will significantly benefit from this project.

49. In Southern Africa, a mechanism has been established by SADCC to mobilize resources for international transport projects. Within this framework investment projects to rehabilitate railways are actively coordinated with projects to rehabilitate and develop ports, to improve

roads, and to invest in telecommunications facilities within the framework of six major transport corridors which focus on the ports of Dar-es-Salaam (United Republic of Tanzania), Nacala, Beira and Maputo (Mozambique), Lobito (Angola) and Walvis Bay (Namibia). SATCC, the transport arm of SADCC, has made comprehensive forecasts of traffic on international routes under various scenarios[31] and 10 year development plans have been drawn up for some of the corridors. Projects which are submitted to SATCC by national governments must be of a regional nature and benefit more than one country, and they are presented to donors as an integrated whole rather than as individual projects.

Inter-railway agreements

50. Contiguous national railways require working agreements that cover a range of aspects of inter-country railway operations. This is a complex task that requires specific bilateral and subregional arrangements related to such key areas as payments for equipment hired and services provided in interchange; payments procedures; conditions for using and returning wagons; specifications for examination and maintenance of wagons used in through-working; methods of dealing with accident damages and repairs to wagons on foreign links; and consultations and arbitration procedures.

51. Much progress has been made in these areas in Southern Africa. A web of bilateral agreements between national railway authorities has been established to facilitate a complex system of billing, inter-railway accounting and payments system, and wagon monitoring and control. In addition, there are regular meetings at the regional level and between individual railways.[32] The establishment of the Working Group on Railway Administration of SATCC has provided a very good forum for the discussion of projects, interchange arrangements, through traffic movement, rules and regulations and other issues relating to performance generally. There are also meetings on a regular basis with SPOORNET, the South-African railways, to address operational issues between the SADCC and South African railway systems. In some other regions, inter-railway operational arrangements are also in place but the problem has been for the railway management and operators to adjust to new coordination mechanisms after the break-up of former unitary management structures like in the case of West Africa and East Africa. The Ugandan and Kenya railways, for example, have a new complex bilateral inter-railway operational agreement which inter alia stipulates guidelines for wagon interchange and payments arrangements. It replaced the railway arrangements under the defunct East African Community when the railway system was jointly owned.

Management practices

52. Whatever inter-railway agreements stipulate, their working depends critically on management practices in individual railways. A number of corrective management measures have been undertaken and others are underway in different regions and subregions but their impact on the overall performance of railways remains limited.[33] The core of the railway management systems is the latent "civil service" mentality that permeates many railway administrations. Many railway managers have not fully adopted a commercially oriented attitude and they lack the necessary authority to effectively manage and be accountable for the quality of services.[34]

53. Furthermore, the poor communications infrastructure and software in the railway systems constitute an obstacle to good management. Such communications are required firstly to

facilitate movement along the line (which includes train control and dispatch, train signalling, and wayside communications), and secondly to allow administrative communications between the main railway centres. One project which is being undertaken to improve the information-system for railway management is the Advance Cargo Information System (ACIS), which has been installed on Malawi Railways and TAZARA within the framework of a UNDP/UNCTAD project.

54. In an overall context the challenges to management become even more formidable when the basic policy orientations of the railway administrations in a land-locked country and its transit neighbour are divergent, as this forms a weak basis for effective inter-railway working arrangements. This has partly been the underlying cause of some of the management/operational problems between SADCC and SPOORNET railway systems in Southern Africa.

3. Inland waterways

55. River or lake transport is part of the transit system in Uganda, Burundi, Malawi, the Central African Republic and Paraguay. In all those cases, the major constraint on transit operations is physical infrastructure. For both the Central African Republic and Paraguay, reliance of transit operations on rivers whose volume of water varies seasonally, preventing transport at particular times of the year, has also been problematical.

56. In the case of Paraguay, an ambitious project, to develop the "Hidrovia Paraguay-Parana", has been launched on the initiative of Argentina, Bolivia, Brazil, Paraguay and Uruguay.[35] Following an initial meeting of the Ministers of Transport of these countries in 1988, an Ad Hoc Working Group was established to study ways and means of improving navigation on the waterway, and in 1989 the Transport Ministers of the Plate River Basin subscribed to the Santiago Act creating the Intergovernmental Committee for the Paraguay-Parana Waterway, with a secretariat based in Buenos Aires. The aim is to improve the waterway through new investments, changes in the regulatory environment, and the attraction of private capital. The feasibility study envisages investment to ensure year-round navigability and an expansion of the fleet of barges and tugs to provide a waterway capacity of 22 million tonnes per annum, five times the present amounts carried. Investments required to achieve this are US$ 800 million by 2000. Complementary measures will also be taken to harmonize legislations and to eliminate excessive regulation.

57. In West / Central Africa the situation is less promising. The traffic between Bangui and Brazzaville is shared 80 per cent/20 per cent between national parastatals of the Central African Republic and Congo. Two studies have so far been commissioned to construct regulating dams at Mobaye about 400km upstream of Bangui and at Palambo 75 km upstream of Bangui, to ensure year-round navigation. The former study was completed but not followed up because the project was linked to another dam construction project in Zaire whose implementation went ahead before the decision on the Central African project could be made. The latter project is expected, if found feasible, not to commence before 1995.[36]

4. Ports

58. For goods being imported to land-locked countries from overseas, sea-ports are often a critical bottleneck in the transit system.[37] The land-locked countries, like other port users,

require the following qualities: no port congestion and thus no congestion surcharges; adequate handling and storage facilities for its cargo; facilities adapted to modern shipping and handling technology; minimal losses of cargo through loss, damage and deterioration; rapid transit through the port and reasonable charges for the services provided.

59. Many projects are being undertaken in Africa, Asia and Latin America in the ports used by land-locked countries to improve facilities, and to develop more commercial-oriented management practices. These actions will, as a corollary, benefit land-locked countries. Some seaports are particularly dependent on transit traffic and are aware that, in an era of increasing port-competition, it is necessary to develop as a service centre. Some of these ports have sought to improve the competitiveness of their services to land-locked countries[38] by responding more positively to the particular needs of land-locked countries with regard to such issues as equitable financial arrangements for port services, and the clear allocation of responsibility for handling, storage and movement of cargo and adequate communications between seaports and inland commercial centres in land-locked countries. Specific problem-areas which require further brief elaboration are: storage facilities for transit cargo and port-inland transport interface arrangements, and the development of dry ports.

Storage facilities and interface arrangements with inland transport

60. Storage for transit cargo raises a number of difficult problems which sometimes become a source of friction between land-locked and transit countries. Key issues are the number of days during which transit cargo can be stored free of charge, and the location of storage facilities. In some seaports transit cargo has been granted a longer free storage period to take account of possible procedural delays which are not due to the failure on the part of importers, exporters or their agents. Some ports have also established special storage facilities for land-locked countries within the port area. Others have provided such facilities outside the port area like in the case of Dar-es-Salaam where Zambian cargo is stored well off the port area and Douala where considerable space has been allocated for constructing storage facilities for Chad and the Central African Republic outside the port. With regard to the location of outside the port area there is however a danger that storage facilities are underutilized because of extra trans-shipment costs. The crucial issue is that when special facilities are provided the location has to be commercially viable for users and not involve any financial losses for port authorities.

61. On their part some of the governments of land-locked countries have intervened to try to improve transit systems by establishing special organizations located in seaports which take on storage and handling functions. Examples are: the Nepal Transit and Warehousing Company (which leases transit godowns from the Calcutta Port Trust inside Calcutta Port); the Entrepôts Maliens (EMASE in Dakar, Senegal; EMACI in Abidjan, Côte d'Ivoire, and EMATO in Lomé, Togo); and the Autonomous Customs Warehouse Administration (AADAA), established by Bolivia, initially in the port of Arica. The Entrepôts Maliens (EM), which manage storage facilities in Dakar, Abidjan and Lomé, provide a good example of the merits and weaknesses of these institutions. In principle all Malian goods in transit must be stored in their facilities. Outside storage can be authorized but fees must be paid to the EMs for allowing this. The EMs also report to the Office National des Transports (ONT), an entity of the Ministry of Transport and Public Works of the Government of Mali, which is responsible for the allocation of Mali's international traffic to its different corridors. As part of their function, the EMs allocate inland traffic to truckers on the basis of the agreement that two-thirds of the cargo should be carried

by Malian hauliers, and one third by hauliers from the coastal state. They also allocate cargoes to shipping companies. All these "services" are charged, and the EMs also act as agents of transit taxation. It is reported that the average dwell time at Abidjan for Malian goods dropped from 90 days to 16 days after the installation of EMACI; and freight forwarders report that despatch procedures from Senegal to Bamako by rail are very efficient nowadays.[39] Inspite of these improvements there is a need to further assess the quality of the services of EMs and the cost implications to the shippers.

Dry ports

62. A further initiative to improve the port facilities for land-locked countries has been the development of dry ports[40] in land-locked countries to facilitate through transit of goods. Important advantages of dry ports arise from the fact that shipping companies will issue through bills of lading or combined transport documents from the country of consignment to the dry port, and vice versa for exports from the country in which the dry port is located. Freight for the whole journey is payable to the shipping company, which in return accepts responsibility for the goods throughout the journey. For both imports and exports the use of a through bill of lading leads to simplification of the procedures at present in force in the sea ports and a reduction of the costs incurred there.

63. UNCTAD has -within the framework of a UNDP funded project- been heavily involved in the development of dry ports in the land-locked countries of Southern Africa. Support has also been given to Burkina Faso and Uganda in the initial efforts to develop their dry port projects. In Southern Africa all the phases of project appraisal have been completed. The Danish Development Agency (DANIDA) has committed US$17 million within the framework of SATCC to support the implementation of these projects. Some of the current problems in this area are that the Governments lack the co-ordinating and liaison mechanism and expertise required to spearhead the implementation of the dry ports and to address effectively the legal/operational issues in order to ensure that their commercial viability will be guaranteed. Botswana has made the fastest progress and the project is nearing completition. Zambia and Swaziland have also finalized the preparatory work and the development of the construction sites should be underway soon.

C. Transit procedures and their facilitation and coordination

64. Transit through coastal countries requires not only the physical transportation of goods, but also flows of information which are largely encoded in documents, and flows of money in payment for the fulfilment of contracts. Transit procedures, seen in a wide sense, include all the activities which must be coordinated with the physical movement of goods to ensure the passage of goods through transit countries. Complex formalities, multiple documentation requirements, and inter-country variation in procedures are all important sources of inefficiency in transit corridors. Facilitation measures, which aim at simplifying, rationalizing and harmonizing procedures, provide a means of improving the quality of transit and of eliminating many avoidable costs in transit systems, particularly indirect transit costs - administrative expenses incurred in organizing transit operations, and inventory costs. It is important to note that the introduction of facilitation measures can be accomplished with minimal investment cost in comparison to high-cost physical improvements and that their contribution to improving the transit system can be considerable.

65. A critical issue in the establishment of an efficient transit system is the government's approach to facilitation. This can range from complete reliance on market forces to pragmatic support to the private sector, to the replacement of key enterprises in the private sector (through establishing freight forwarding parastatals, for example), or to the integrated management of transit operations as a whole. In general, transit procedures have been strongly influenced by the past preference of the Governments of landlocked developing countries for a more interventionist approach to transit issues, which is designed to achieve their various transit objectives, and by the need of the Governments of coastal transit States to implement customs transit systems which minimize the possibility of fraud. As a result, transit costs have been higher than necessary.

1. Customs transit regimes

66. Customs transit is an arrangement which permits goods to be routed through a national territory free of duties and charges. There are several customs transit systems in the corridors which give landlocked developing countries access to and from the sea. The main parameters which affect the complexity and costs of each system are: the number of documents required; the size of the guarantee, which ensures that duty is paid on the goods if they are diverted to home use before the transit operation is completed, whether it is refundable or not, whether it must be paid on each transit operation, or posted for a period of time by particular forwarding and clearing agents; the extent of supervision of transit operations (by police convoys, police checks); and the risk management strategy of customs authorities, in terms of verification/examination of goods, and accreditation procedures for clearing and forwarding agents.[41] In general, transit procedures are more onerous where fraud is suspected, and where the commercial policies of land-locked and coastal countries are divergent.

67. The simplest procedures are for railway transit operations. In Southern and Eastern Africa, goods are transported under a railway consignment note, and in the former case, authorized freight forwarders and customs brokers are exempted from paying a guarantee. The procedure based on the Convention to Facilitate the Crossing of Frontiers for Goods Carried by Rail (TIF) is currently operated in the Dakar-Bamako corridor and Abidjan-Ougadougou corridor. In the former case, an agreement was concluded in September 1990; in the latter, the procedures were only applied to imports to Burkina Faso until July 1991, but now imports and exports can be carried by rail in this way. In the agreement between the Governments of Burkina Faso and Côte d'Ivoire, customs brokers authorized by SCFB (the Burkina Faso railway company) and SCIF (the Côte d'Ivoire railway company) and agreed by the customs authorities of each country, are the only ones authorized to use the TIF procedure. They are exempted from paying any guarantee.

68. In the Central corridor, linking Dar-es-Salaam with Uganda, Burundi and Rwanda, a simple system, originally devised for railway transit, is now applied to road. Under this system, transit goods are carried under a Transit Pass, and the requirement for a cash deposit or Customs Bond is waived. This waiver was originally made because transit goods moved by rail were effectively under government control. At present the system is applied to road traffic if it is cleared by designated forwarding and clearing agents: Zamcargo for Zambia cargo; AMI for cargo to Zaire, Burundi and Rwanda; and Transocean for cargo being transported to Uganda. This system works well, particularly for containers which are not opened at the port or at the border if seals have not been broken. However, the Government of United Republic of

Tanzania has been considering further controls because of its fears that there is a leakage of foreign exchange obtained by Tanzania companies operating in the transit industry, and recently a bond has seen introduced for high risk goods.

69. For road transit operations and multimodal operations, customs transit is more difficult. In East Africa, the Northern Corridor Transit Agreement (NCTA) established a single road transit document for the corridor from Mombasa to Uganda, Burundi and Rwanda.[42] The system has also been adopted as a norm throughout the Preferential Trade Area (PTA), which now uses the Road Customs Transit Declaration (RCTD).[43] The use of the RCTD Document is however supplemented by a transit bond, which has to be arranged separately in each country. Depending upon the commodity, the bond can add 1-2 per cent of the c.i.f. value to the cost of transit. Despite this arrangement, there is high rate of verification of containers at Mombasa and the police control truck movements with a series of checkpoints on the road. "Sensitive" cargoes have to travel by convoy through Kenya. Some of these additional formalities have been imposed by security services rather than by customs.

70. In West Africa, similar difficulties in road transit operations are apparent. The overall agreement regulating international road traffic is the TRIE, which is intended to be a regional adaptation of the TIR Convention.[44] This was ratified by Mali, Benin, Côte d'Ivoire, Togo, Niger, Burkina Faso and Senegal in 1982, and since then a version has also been ratified in ECOWAS. However, in practice the TRIE is not applied by a key coastal transit State, Côte d'Ivoire, on the grounds that it will not prevent extensive fraud, and complex and nationally-specific procedures are retained by the other coastal transit countries, alongside the use of the TRIE carnet. In the subregion those customs procedures are supplemented by multiple check points on the road, a customs escort of trucks and vigorous inspection of goods. The non-refundable contributions to a guarantee fund required by the TRIE system constitutes 0.25 per cent of CIF value in Togo, Burkina Faso, Benin and Niger, and 0.50 per cent of CIF value in Mali.

71. The transit system within UDEAC is less cumbersome for goods in transit through the Congo Republic, but in the Cameroon, clearing goods from the port of Douala is complicated by the requirement that some of the documents must be verified in the capitals of Chad, the CAR and in Yaoundé. Furthermore, customs occasionally escort goods to the frontier, and along the road there are numerous police checks for trucks. At present, within the framework of the UDEAC regional structural adjustment programme, plans are being drawn up for an improved regional customs transit system. A key feature of current proposals is the identification of, and agreement upon, a network of regional transit routes and the adoption of a modified TIR system for road transit operations.[45]

72. In Asia, the involvement of parastatal agencies is written into transit treaties in order to ensure customs security. In the transit treaty between Lao PDR and Thailand signed in 1978, for example, all in-bound transit cargo through Bangkok has to be handled by a Thai Government Company, the Express Transport Organization, which acts both as the freight clearing agent and the sole transporter of Laotian transit freight. Similarly, in the Protocol to the Treaty of Transit between Nepal and India, warehouses, sheds and open space made available in the Port of Calcutta for the storage of transit cargo to and from Nepal must be given on lease to "an undertaking designated by His Majesty's Government of Nepal for this purpose". This provides the necessary legal basis for the Nepal Transit and Warehousing Company Ltd.

73. In summary, it is evident that there is still excessive complexity in customs transit regimes. Customs practices are not necessarily related to the risks of fraud; the use of qualification standards and criteria for legal accreditation for private sector freight forwarding agents is not widely used; physical seals are not trusted; and escorts and police-checks which provide opportunities for corrupt informal payments, are widespread. There are no international procedures in place which facilitate transit operations as effectively as the TIR system, which has been so important to the development of intra - European trade.

2. Freight forwarding and related transit operations

74. The freight forwarding sector is critical to the efficiency of the international trade logistics of all developing countries, including landlocked countries. However, it is a sector on which information is scarce. Studies in Africa[46] show that the freight forwarding sector there is suffering from a number of problems including : a weak economic environment, in which the volume of business is low and stagnant, and there are liquidity difficulties associated with long delays in payments; a lack of recognition of their profession by government departments; an inappropriate legal framework which encourages "brief-case" operators; the inhibition of reputable smaller and medium-size freight forwarding companies by the considerable financial requirements (including deposits and bank guarantees to customs authorities); complex, formal and informal, customs procedures; and a lack of appropriate internal and external training structures.

75. All these problems apply to landlocked developing countries in Africa. Moreover, it is probable that the freight forwarding sector in these countries is dominated by a few big firms because of the lower levels of traffic and the increased complexity and financial requirements of transit operations. Some governments of land-locked countries have tried to improve transit operations by the establishment of parastatal freight forwarding companies. Examples of such enterprises are: ZAMCARGO in Zambia and Transocean in Uganda. They have been particularly supported through the reservation of government (or parastatal) imports for them as cargo. They also gain advantages because they are recognized by customs authorities in United Republic of Tanzania and Kenya. However, local importers and exporters question their efficiency.

76. One of the most successful governmental systems established to facilitate transit operations, the Integrated Transit Systems (SIT) for Bolivian goods transhipped through the Port of Arica, has involved the total replacement of private customs brokers.[47] The key facilitation agency in this system is a state monopoly institution, the Autonomous Customs Warehouse Administration (AADAA), which is mandated as custodian of Bolivian imports in the port pending dispatch and at the destination pending completion of Bolivian Customs formalities. AADAA has been able to speed up transit operations by pre-paying ports and railways (clients pay on possession of the goods in Bolivia); by eliminating the need for an original bill of lading (by guaranteeing to shipping companies that goods will not be released until ocean freight charges are paid); and inspecting goods as they are unloaded.

77. SIT is regarded as having worked very well, in keeping goods from accumulating in the port, although there have been complaints about the efficiency of AADAA, and the automatic despatch procedure has proved more difficult for road transport (originally unavailable in the

early 1970's). In 1978, the system was extended to the port of Antofagusta. Also the procedure for the International Transit of Bolivia Goods Across Peru (TIM), was proposed in August 1986. A bilateral agreement on TIM was concluded in 1991, and Bolivia adopted it formally in June 1992.[48] ECLAC provided support in the development of these systems.

78. A new development which is associated with the "Container Revolution" and which is likely to facilitate transit operations is the expansion of multimodal transport - "the door-to-door movement of goods performed under the responsibility of a single transport operator". Some large freight forwarders and increasingly shipping companies from developed countries are offering this service, providing through transport to inland destinations, and accepting responsibility for goods throughout the journey. Multimodal operations are particularly important along many transit corridors where there is a chain of transshipments. Constraints on the development of multimodal transport include: lack of physical infrastructure; an inadequate regulatory framework; and lack of awareness of the implications of multimodal transport on the part of both commercial parties and governments.[49]

3. Transit insurance

79. There are four main problems of transit insurance. Firstly, the insurance sector in land-locked countries is usually not sufficiently developed and heavy reliance has to be placed on insurance or substantial reinsurance outside the country of both imports and exports. Secondly, since the volume of business is small, and unbalanced in as far as there is disequilibrium between total premium income and the occasional high value of a few shipments, rates, terms and conditions of insurance of reinsurance are likely to be high. Thirdly, there have to be transshipments and this considerably increases risks. Fourthly, the country through which the goods have to pass often insists on customs verification for its own security, and unpacking and repacking may be required. This, again, increases the risk and poses problems for insurers of survey at a foreign destination. In addition to these problems, some land-locked countries, such as Malawi and Zimbabwe, continued to have difficulties finding insurance for their exports and imports which have to transit through insecure regions disrupted by war and unrest. Some proposals for action in this area are being elaborated within UNCTAD.[50]

4. Overall coordination of transit traffic

80. Governments of land-locked developing countries have sought to coordinate overall transit operations in various ways. One approach, which has been particularly developed in Eastern and Southern Africa, is through the foreign exchange allocation procedures by the Central Bank and the specifications attached to import licenses. These procedures can significantly influence the efficiency and costs of the transit operations. For example in Malawi the Central Bank has specified that payments cannot be made for imports until the goods arrive in the country. This rule inflates import costs because of financing and interest charges.[51] Also the long delays in transferring funds for the payment of transport from the port to Rwanda have raised the total costs to the consumer as the charges are prepaid by the C/F agents who pass on the cost to the importer. Conversely more flexible and liberal procedures by the Central Banks could help to reduce the costs of transit. In times of drought in land-locked developing countries, when large quantities of bulky cereals must be imported to a strict time schedule, there may be a much stronger case for the overall regulation of transit traffic. A model institution is provided

by the Logistics Advisory Centre (LAC) established by SADCC Ministers in 1992 to deal with the drought emergency in that region.[52]

81. Some initiatives have also been taken by the private sector to ensure that activities and investments in a transit corridor collectively meet users requirements and are coordinated with government policies. An important example of such an initiative is the establishment of the Beira Corridor Group (BCG).[53] BCG is a limited liability company set up in 1986 by 240 shareholders within the Southern African region (mainly companies in Zimbabwe) with the aim of ensuring that the Beira Corridor was available to them as users. The rehabilitation of that corridor has been entrusted to the Beira Corridor Authority (BCA) which was developing the corridor in line with plans established within the framework of SATCC. BCG acts as the link between BCA and users, providing to the former feedback on the strengths and weaknesses of the corridor so that its development and operations are appropriate, and to the latter reliable information, so that users can make decisions as to whether or not the corridor is an appropriate route for their cargoes. BCG thus acts as a user lobby and as an agency providing market information on the corridor.

82. In other parts of Southern Africa, Transport Users Committees have also been established by importers and exporters to coordinate, in a very loose way, their transit activities. These may be encouraged by local Chambers of Commerce. In West Africa, there are also Shippers Councils. The role of these shippers councils has, however, been seriously questioned, and it has been suggested that they functioned to auction rights to convey commodities to carriers rather than represented exporters and importers (shippers) interests. It has been proposed that they re-focus their activities on: negotiating freight rates; providing technical assistance to local shippers to manage their transport; and representing shipper interest vis-a-vis governments, notably to reduce administration obstacles to transport.

83. In the area of transit facilitation major efforts have been made in Southern Africa to promote Trade Facilitation Committees whose main function is to monitor the implementation of agreed customs documents and administrative and commercial procedures related to transit. The membership of these committee includes representatives both form the public and private sector (government officials from the ministries of commerce and finance, the Central Bank, exporters and importers etc.)[54]

D. Management and training

84. Transit facilities can be more effectively utilized by improving the managerial capacity and skills of the personnel involved in transit operations. There is , however, an acute shortage of such trained manpower in both the land-locked and transit countries to meet the requirements of efficient management of transit operations at all levels. In some cases the training needs have been identified like in the case of Eastern and Southern Africa under the auspices of the East and Southern African Management Institute (ESAMI) in Arusha (United Republic of Tanzania). However the implementation of such training programmes remains poor and inadequate largely because of financial constraints. At the multilateral level a recent initiative in the promotion of human resources development in the transport and communications sector was undertaken by the Economic Commission for Africa (ECA) in a collaboration with UNDP, UNCTAD, IMO, ILO, ITU and the World Bank. It involved the organization of six sub-regional workshops in Sub-Saharan Africa in March 1991. They were designed primarily to enhance a practical

understanding of the importance of institutional reforms and human resources management to review the current constraints and performance and to evolve strategies and plans for the future development of institutional capacity and management capabilities in the transport and communications sector.

85. These initiatives, and similar ones that have been taken in other regions, have not however specifically focused on the particular needs and problems of land-locked countries sufficiently. It is for this reason that UNCTAD, within the framework of its technical assistance programmes on behalf of these countries, has for the past several years mounted a series of workshops and seminars addressing the requirements and problems related to transit operations. These have covered inter alia transit facilitation, the development of dry ports in land-locked countries, management of road haulage operations along transit corridors and transit traffic policy and planning.[55] Other UNCTAD initiatives have been taken within the framework of the project on "Human Resources and Institutional Development in African Ports, Freight Forwarding and Multimodal Transport Organizations".[56] Both land-locked and transit countries have benefited from the outputs of this project. Several multimodal transport workshops which are organized on regular basis by UNCTAD have also addressed some of the particular problems of land-locked countries. The operators in these countries have also benefited form these training events. These technical assistance programmes could increase their impact through a greater coverage of countries and beneficiaries, if the necessary financial resources are forthcoming.

III. PROPOSALS FOR FUTURE ACTION

A. Synopsis of the current situation

86. The review of specific problem areas and current action suggests a number of important conclusions regarding the current situation. There are major differences between Africa and Latin America on the one hand, and Asia on the other hand, in terms of the extent and intensity of action to resolve transit problems. Much more action is occurring in the former two continents. In Asia there are ,however, now new challenges that need to be addressed. The break-up of the former USSR has resulted in the creation of seven newly independent land-locked States which are integrated in the trade/transport system of the ex-USSR. Their search for new international markets will require a new orientation of their transit system network. Lao PDR and Mongolia are also seeking to pursue outward-oriented development strategies which may require an adjustment of the current transit system.

87. The main impetus behind transit initiatives in Africa and Latin America has come from regional organizations such as ECA, ECLAC, SATCC, ECOWAS, UDEAC, MINCONMAR, the Northern Corridor Secretariat and CEPGL. In Africa UNCTAD/UNDP technical cooperation projects have also played an important catalytic role. In Asia the impact of similar projects which were implemented in the late 1970s and early 1980s has been limited because of poor support by the transit countries for the project. No project assistance could be provided to Afghanistan during the 1980s because of the armed conflict there.

88. Apart from the GATT (Article V), ratification and implementation of international treaties has been patchy on the part of both land-locked and coastal States. This statement

applies both to treaties which establish general rules and principles to guide transit facilitation and to treaties which focus on specific technical issues (such as customs regimes, border controls, containers, etc.). The legal framework for transit traffic is being built up through bilateral and regional agreements, which sometimes draw upon the international treaties. A major problem however, in Africa in particular, is the gap between ratification and implementation of agreements, and the lack of implementation mechanisms.

89. Donors have played the main role in the development of road transit infrastructure and the current extent of the international road network is quite satisfactory. What is disconcerting is the continued deterioration of the roads because of poor maintenance. This has contributed significantly to the high costs of road services on which the international movement of cargo is still heavily dependent. In East/Central and Southern Africa, agreements have been adopted to promote the adequate maintenance of road infrastructure through regulations related to the harmonization of vehicle axle-load weights and road user charges, but their implementation is still not universal.

90. Rail transit infrastructure is also well developed following the major rehabilitation programmes from the donor community, but there are still serious problems of equipment. Railways have been losing more traffic to roads because of the low quality of services. The major bottleneck is the low standard of management efficiency. Efforts are being made to move towards a more aggressive market-oriented enterprise policy of railway management but the impact of these efforts is still lacking. Inter-railway working agreements and arrangements have also helped improve the coordination of railway operations in the land-locked and transit countries, but there is still a need for improvements in this area.

91. Land-locked developing countries have tended to inflate their transit costs through high levels of government intervention to achieve the transit objectives of, firstly, developing alternative routes and, secondly, developing an indigenous road haulage sector. In pursuing these objectives, short-term and long-term considerations must be balanced, and the wider economic effects of transit policy on productive sectors needs to be assessed. Some of the transit countries have also pursued interventionist policies to safeguard the market of the domestic suppliers of transit services. These protectionist policies have also adversely affected both the quality and cost of transit services.

92. The approach of coastal transit States to transit issues has been dominated by the issues of customs security, and it is only recently that there has been evidence of a move towards a commercially oriented approach to transit including the recognition of the need for competition for transit services. Potential benefits related to growth prospects of the development for inland regions of coastal States, the expansion of intra-regional trade and increased foreign exchange earnings which accrue from transit facilitation measures and the development of transit infrastructure are thus receiving increased attention.

93. The move towards a regional and subregional approach in resolving the transit problems and the greater involvement of the private sector in this effort are gaining momentum, especially in Latin America, Southern Africa and East/Central Africa. It is an encouraging sign that donors are supporting these efforts.

B. Action to be taken

94. Action to improve transit systems should have as its objective the development of efficient, flexible and well-managed transit systems geared to meet the needs of exporters and importers from the land-locked countries. It should not simply focus on cargo movement per se, but on the whole set of operations required to facilitate transit as a critical link in the international trade logistics of enterprises in land-locked countries. It should be targeted at corridor-specific and subregion-specific problem solving.

95. An effective strategy to improve transit systems requires, first and foremost, action at the subregional level because the cooperation between the land-locked countries and their transit neighbours is pivotal to the effective solutions of transit problems. This cooperation must be promoted on the basis of mutual interest of both land-locked and transit countries. Institutions for regular review and monitoring of transit operations and for concerted dialogue must be established or reinforced. At the national level the basic strategy of the policy-makers should be to encourage competition among suppliers of transit services in order to safeguard the cost-effectiveness of transit operations. Efforts should also be made to up-grade the management skills and capabilities of operators in the transit sector. Since the financial and human resource capabilities of both the land-locked and transit countries are limited, the action at these two levels requires the full support of the donor community in order for it to have an effective and positive impact on the quality of transit facilities and services.

1. Subregional level

96. Some of the land-locked and coastal States have agreed on a subregional customs transit regime. They should make concerted efforts to implement fully all the desirable provisions of these regimes, elements of which include: appropriate and simplified documentation and procedures for transit operations; a bonding guarantee system, if required; customs seals regulations; storage facilities for goods in transit; and accreditation procedures for clearing and forwarding agents. Where they need to be reviewed or recast it is recommended that the provisions contained in such international conventions as the Kyoto Convention (Annexes E.1 and F.1), the Customs Convention on Containers (1972), the International Convention on the Harmonization of Frontier Controls of Goods (1982), the TIR convention and TIF convention, be used as guidelines, taking into account regional and subregional circumstances.

97. Land-locked and coastal States have also concluded bilateral and subregional agreements to regulate transit operations which cover such aspects as transit routes, transit by road and rail, handling of dangerous goods, liability regimes. What is required is the establishment of effective monitoring and enforcement mechanisms for their implementation. The international technical conventions such as the Hague Convention and Warsaw Convention also provide guidelines and a reference framework which may be used to review the technical adequacy of such agreements and the effectiveness of the mechanisms in place to monitor and enforce their implementation.

98. Bilateral and subregional agreements have also other broader provisions related to rights and duties of both land-locked and coastal States but such provisions are often vague and poorly articulated. It is recommended that the most relevant international conventions in this regard, namely the 1965 Convention on the Transit Trade of Land-locked States and Article V of the GATT agreement, be used as models in articulating better such broad provisions.

99. The liberalization of trade in road transit services can only have an effective impact if land-locked and coastal States jointly agree to adopt similar coordinated policies. These should include the removal of restrictions on the operation of non-national carriers of transit goods in each others' territory (which currently include permits, licence, cargo-sharing systems), the elimination of subsidies to national carriers involved in international road transit, and the removal of restrictions on cabotage, in line with regional and subregional policies to liberalize trade and services.

100. The harmonization of procedures for road maintenance in transit corridors also calls for full cooperation between land-locked and coastal States. This should include: harmonized road user charges based on the principle that transit traffic, including nationally registered vehicles involved in transit operations, must pay for the costs of providing and maintaining the highways used; the allocation of revenue realized from such payments to road maintenance; uniform axle-load limits and weigh-bridges; and agreed coordinated enforcement mechanisms. The work of PTA is this area provides an example for other subregional organizations.

101. There is a need to establish institutional mechanisms to monitor and enforce the cooperative arrangements made between land-locked and coastal States. There cannot be any model institutional mechanism to which all transit agreements and arrangements should subscribe because the circumstances surrounding each case are different. What is important is that a mechanism for regular dialogue exists because, without this, meetings are only convened to resolve an impending crisis. Clearly, where several countries and different modes of transport are involved, establishment of small secretariats and an intergovernmental consultative machinery for regular consultation is a good investment. The Secretariats of the Northern Corridor Transit Agreement in East/Central Africa and of SATCC in Southern Africa are good pioneering examples.

102. Subregional associations of road transporters, shippers councils and freight forwarders from land-locked and coastal States should be formed and, where they exist, they should be strengthened most appropriately with the support of the Chambers of Commerce.

2. National level

103. While action at the subregional level is the key to improvement of transit systems, such actions will inevitably have limited success unless they are supported by measures at the national level. These include some measures which are specific to land-locked or coastal transit States, and some measures which are relevant to both groups of countries.

104. Land-locked States should re-assess the impact of government regulation on the efficiency of transit operations which, inter alia, includes the use of foreign exchange procedures to regulate the volume of the flow of transit cargo particularly with respect to imports; price control to support indigenous road hauliers; restrictions on the use of certain modes of transport and measures directed to encourage route diversification. Government's intervention should be reduced whenever such intervention results in avoidable costs.

105. Land-locked States should actively seek feedback from the private sector on the requirements of users of transit systems through such institutions as the Beira Corridor Group, transport users committees, shippers' councils and trade facilitation committees. Institutions

which are intended to serve the interests of shippers must focus on that task, and not be used to implement government policy.

106. Land-locked States should vigorously promote the development of dry ports where volumes of traffic are sufficient and, most appropriately, through the establishment of institutions to propel such promotional work in close liaison with the private sector and wherever possible with coastal States. Furthermore, they should seek to elaborate a procedural framework including adequate legislation for through transit.

107. Coastal transit States should encourage port authorities to look for transit cargoes actively, rather than passively waiting for such cargoes as has occurred in the past. This shift, which is beginning in parts of Latin America, should be accompanied by measures which facilitate the logistical efficiency of importers and exporters in the land-locked countries, including the provision of storage and handling facilities for the transit cargo, improved procedures and lobbying for inland transport services. The management of ports should move towards a more market-oriented policy and port authorities should be given greater management authority to effect changes. Sub-Saharan ports especially have a lot to learn from these Latin American experiences.

108. Both land-locked countries and coastal transit States should take action to attract transit traffic to existing international railway lines through measures which improve the quality of service and managerial re-structuring aimed at giving greater management responsibility to railway authorities. Railways should not, however, be protected from competition with road transit operations.

109. Both land-locked and coastal States should take measures to increase the professional standing of freight forwarders and to pass laws which allow them to issue door-to-door transport documents. Small and medium-scale freight forwarders should be fostered through human resource and institutional development programmes.

110. Both land-locked and coastal States should intensify human resource development programmes targeted at transit system requirements, particularly with reference to: organization and management of road and rail transit services; establishment and management of transport terminals, including inland container depots and dry ports; supervisory and operational functions related to other areas of transit operations (insurance, airfreighting and customs documentation). These measures should be complemented by human resources development programmes at the subregional level. UNCTAD's ongoing technical assistance work is a good example in this area.

111. Both land-locked and coastal States should cooperate with national and subregional insurance and banking institutions in facilitating warehouse-to-warehouse cargo insurance. Land-locked countries should not impose restrictions on the choice of the insurance, leaving the insured to select the best insurance cover with the most reasonable rate of premium. However, some incentives, in the form of drawbacks and tax rebates, may be given to importers and exporters to contract insurance cover locally in an attempt to increase the receipts of the local insurance industry and to allow it to provide better rates of premium and services. Subregional agreements should be made to establish a system of carriers' liability for the overland portion of transport, thus allowing insurances to recover losses and thereby to reduce premiums. The International Convention concerning the carriage of goods by rail (CIM) and the Convention on the contract

for the carriage of goods by road (CMR), which are applied in Europe, appropriately adapted to regional circumstances, offer a possible model.

112. Both land-locked and coastal states should establish national trade and transport facilitation committees which are the most appropriate national vehicles for monitoring the implementation of agreed customs and other commercial transit facilitation measures. Where such committees exist they should be strengthened through deliberate government supportive action.

3. International level

113. Donor countries and financial and development institutions should give priority to projects and programmes which adopt a subregional/corridor approach to the improvement of transit systems. In the area of technical assistance the key issue will be to support processes of bilateral, subregional and regional cooperation which aim to reduce barriers to international trade by improving transit systems.

114. The international community should support the establishment of institutions which act as effective implementation mechanisms for transit improvement programmes which have been agreed by land-locked and coastal States at a subregional level. Such support should ideally be within the framework of relevant subregional organizations and multilateral technical cooperation agencies involved in transit issues.

115. The international community should provide technical assistance for the formulation and implementation of transit improvement programmes as and when required. This support should include technical assistance in such areas as the design and review of customs transit systems, the drafting and review of transit of regulations and the regular review of new transit requirements along transit corridors as a basis for possible new investments.

116. In view of the increasing importance of containerization and telecommunications in efficient international trade/transport operations, the donor community should give special attention to projects along the transit corridors in these areas.

117. The international community should support human resource development programmes to meet corridor-specific and region-specific transit requirements.

118. UNCTAD will continue to provide technical assistance to support the land-locked and coastal States in their efforts to improve the transit systems and will thus make its contribution in the various areas mentioned above. There are, however, some key areas where UNCTAD, as focal point in the United Nations system on issues related to land-locked developing countries, could play a leading role. Such areas include:

(a) Accumulating, evaluating and disseminating information on transit matters, drawing lessons from experiences in different regions and subregions with regard to the design and improvement of transit systems;

(b) Carrying out transit-related studies which help decision-makers, particularly with a view to identifying critical bottlenecks which could be removed quickly and at minimum costs;

(c) Organizing training programmes tailored to the needs of transit policy-makers, managers and operators;

(d) Monitoring the progress in the implementation of action by the international community related to the transit needs and problems of land-locked developing countries;

(e) Formulating measures to be adopted at the national, subregional and international levels to improve the transit systems in the light of changing economic and political environments.

119. Finally, there may be a need to evaluate the transit systems of the newly independent land-locked States in Central Asia and Transcaucasia and to elaborate a programme for improving the efficiency of the current transit environment. These countries face particularly difficult problems associated with changes in ownership and control in the formerly integrated transport system of the ex-USSR. They are also seeking to enter new world markets and this requires the establishment of a complex multi-country transit system. The Meeting of governmental Experts may wish to address this issue and its implications for the support that may be required from the international community.

Notes

1. The Convention on Transit Trade of Land-locked States, New York, 8 July 1965 defines the term "traffic in transit" as "the passage of goods including unaccompanied baggage across the territory of a Contracting State between a land-locked State and the sea when the passage is a portion of a complete journey which begins or terminates within the territory of that land-locked State and which includes sea transport directly preceding or following such passage. The trans-shipment, warehousing, breaking bulk, and change in the mode of transport of such goods as well as the assembly, disassembly or reassembly of machinery and bulky goods shall not render the passage of goods outside the definition of "traffic in transit" provided that any such operation is undertaken solely for the convenience of transportation".

2. See in particular the following: Special problems of the land-locked countries - Report of the group of experts on the special problems involved in the trade and economic development of the land-locked developing countries, TD/B/308, 1970; A transport strategy for land-locked developing countries - Report of the expert group on the transport infrastructure for land-locked developing countries, TD/B/453/Add.1/Rev.1, 1974; Special measures related to the particular needs of the land-locked developing countries, A/10203, 1975; Least developed among developing countries, developing island countries and developing land-locked countries, TD/191, 1976; Specific action related to the particular needs and problems of land-locked developing countries: Issues for consideration, TD/241, 1979; Specific action related to the particular needs and problems of land-locked developing countries; Issues for consideration, TD/279 (part 1), 1983; Progress in the implementation of the specific action related to the particular needs and problems of island and land-locked developing countries, TD/B/1007, 1984; Report of the Ad hoc Group of Experts to study ways and means of improving transit-transport infrastructure and services for land-locked developing countries, TD/B/1002 - TD/B/AC.39/3, 1984; Progress in the implementation of specific action related to the particular needs and problems of the land-locked developing countries, TD/B/1068, 1985; Progress in the implementation of the specific action related to the particular needs and problems of land-locked developing countries, A/42/537, 1987; Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries, TD/B/1220, 1989; Progress in the implementation of specific action related to the particular needs and problems of land-locked developing countries, TD/B/1301, 1991.

3. Customs Transit in International Road Haulage: Contribution by the "International Road Transport Union", 1993, (UNCTAD/LDC/Misc./4); Contribution by the Economic and Social Commission for Asia and the Pacific (ESCAP), (UNCTAD/LDC/Misc./2); Contribution by the Economic Commission for Latin America and the Caribbean (ECLAC), (UNCTAD/LDC/Misc./1); Contribution by the Asian Development Bank, (UNCTAD/LDC/Misc./3).

4. Afghanistan, Bhutan, Bolivia, Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Lao People's Democratic Republic, Lesotho, Malawi, Mali, Mongolia, Nepal, Niger, Paraguay, Rwanda, Swaziland, Uganda, Zambia, Zimbabwe.

5. Ideally the choice for coastal states on whether some of their overseas trade passes through a neighbouring coastal country should depend upon whether the domestic resources required for transporting a consignment through its own port could be used to produce exports of a value sufficient to earn the extra foreign exchange required by routing the shipment through the neighbouring port. See UNCTAD A Transport Strategy for Land-locked Developing Countries Report of Expert group on the Transport infrastructure for land-locked Developing Countries. United Nations-New York 1974-TD/B/453/Add.1/Rev.1 Footnote 10.

6. Buitelaar R. and Fuentes, J.A., "The competitiveness of the small economies of the region" CEPAL Review, No.43, April 1991, pp83-96

7. See Livingstone, I, "International transport costs and industrial development in the LDC's", Industry and Development vol. 19, 1987.

8. See table 4 in annex.

9. For a detailed discussion of what is involved in establishing an alternative route see UNCTAD An Assessment of the Operational and Facilitation Aspects of Malawi's Northern Transport Corridor Vol 1 and 2. 1989 UNCTAD/RDP/LDC/22

10. Malawi, for example, is currently experiencing extremely severe problems as a result of the disruption of normal transit traffic movement through Mozambique. Rwanda had similar serious problems during the height of the Uganda crisis and vital-Zambian traffic was halted for a time during the period of UDI in what was then Rhodesia. The bulk of Uganda's transit traffic had to be diverted to the Central corridor to the port of Dar-es-Salaam which had limited capacity to handle such additional cargo at short notice. Nepal's transit traffic nearly came to a halt when the renegotiations of the new transit treaty with India stalemated. The cost of these disruptions cannot be calculated simply by measuring the cost to land-locked countries of normal transit-traffic patterns. In each of the above cases, the seriousness and the cost of the disruption is demonstrated in part by the use of very high-cost air transportation to handle the most desperate of the transit needs in case of crisis.

11. The Expert Group on Transport Infrastructure for Landlocked Developing Countries which met in Geneva in 1974 noted that the dependence of landlocked countries on the transport policy, transport enterprises and transport facilities of transit countries "raises in principle the possibility of some monopolistic exploitation, irrespective of whether practised deliberately in the pricing of transport facilities and their use or in the limitation of access to routes, facilities or modes, or whether it is done inadvertently by giving less attention to services to the landlocked country than to national traders or authorities which can exert more pressures," (TD/B/453/Add.1/Rev.1, p.6)

12. See World Bank/PTA The Great Lakes Corridor Study 1990. These figures, it must be emphasized, are not net financial profits, nor do they represent the domestic value-added as some of the elements, e.g. road transport costs, have a high import content.

13. Nepal, for example, has promoted high value exports (carpets, garments) through air transport. In 1987 80 per cent of its exports to USA (by value) was transported by air.

14. For a more detailed analysis of the problems of airfreighting in African land-locked countries see background document "The role of Airfreight in African land-locked developing countries" (UNCTAD/LDC/Misc./12).

15.See TD/B/1220, 1989.

16. For a broader discussion of the salient features of these conventions see background document "Legal and institutional framework for transit operations: Review of the current situation and proposals for improvement" (UNCTAD/LDC/Misc./10).

17. A compendium of key international treaties concerned with the question of rights of access of landlocked states to and from the sea and freedom of transit is found in United Nations Office of the Special Representative of the Secretary General for the Law of the Sea The Law of Sea. Rights of Access of Landlocked States to and from the Sea and Freedom of Transit - Legislative History of Part X, Articles 124 to 132 of the United Nations Convention on the Law of the Sea 1987 (Sales No. E.87.V.5)

18. In East/Central Africa trucks handle a very significant part of international freight movement. The road corridors linking the land-locked countries of Uganda, Burundi and Rwanda and the eastern part of Zaire with the port of Mombasa handle some 76 per cent of the total transit cargo. 25 per cent of the total transit cargo of these countries moves to the port of Dar-es-Salaam also moves by road. In West/Central Africa road transit operations are also equally important. For Burkina Faso, the road corridor through Togo handles 32 per cent of Burkina Faso's transit cargo. The traffic by road through the Ivory Coast is about 8 per cent. For Mali, the road corridor through to Abidjan carries 56 per cent of the traffic. In the case of Niger the combined traffic through Nigeria and Togo by road is some 34 per cent.
In the Asian region, the role of road transit traffic also varies. In Afghanistan the international trucking industry, which had picked during the 1970s has ceased. Afghan trucks carrying goods in transit to Karachi seaport or to India through the territory of Pakistan are now not authorized to proceed beyond the Pakistani Customs points. In Bhutan road transit transport is important only with respect to the trade with Bangladesh. For Nepal transit cargo to and from the Indian port of Calcutta goes predominantly by road. Laos PDR is exclusively dependent on road haulage for the movement of its transit cargo.

19. Out of the total programme of 1040 projects, 263 (23 per cent) are road projects. In resource terms, some 32 per cent of the total programmes (US$ 15.9 million) was earmarked for the road sector.

20. See Economic Commission for Africa, Facilitation of International Traffic in the Field of Road Transport, Transcom / 232, November 1988

21. UNTACDA II Road Sub-Sector Working Group. Strategy Paper December 1990, Annex B

22. United Nations Economic Commission for Africa Facilitation of Inter-Country Road Traffic, Working Document for the Roads Sub-Sector Working Group, Addis Abbaba, July 1990

23. Ibid p.13

24. See "A preliminary study of the development of indigenous international road freight companies in Lesotho, Swaziland and Botswana" (UNCTAD/RDP/LDC/3), Geneva 1990. The UNDP/UNCTAD transit project in Southern Africa continues to assist the BLS countries in their efforts to implement the Memorandum of Understanding.

25. Recommendations to this effect have been made by UNCTAD within the framework of the UNDP/UNCTAD transit project in West/Central Africa, along with measures to reduce costs by upgrading the capabilities of providers of transit services.

26. See Rizet, C. 'Couts et Surcouts du camionnage en Afrique : Application d'une methode de comparaison des couts entre pays,' Les Cahiers Scientifique du Transport, 1990, no.21, pp85-102

27. UNTACDA II Roads Sub-Sector Working Group. Strategy Paper, December 1990, Annex A. Figures are based on World Bank, Sahel Transport Corridors: The Case of Mali, 1989; World Bank, Sahel Transport Corridors: The Case of Burkina Faso, 1990; World Bank, Sahel Transport Corridors, The Case of Niger, 1990.

28. World Bank/PTA The Great Lakes Corridor Study, March 1990

29. In 1986, Tanzania Railways Corporation (TRC) embarked on an Emergency Recovery Programme to assure rehabilitation of the track and other assets. At the same time, a study was carried out on the strategy for TRC improvement and future management. On the basis of the findings as well as on analysis by TRC and the World Bank, a Railway Restructuring Programme (RRP) was approved by the Government of Tanzania for the period 1991-1995. It will be supported by various donors and the World Bank. The total project funding amounts to US$ 273.7 million. Similar rehabilitation programmes are being funded by the World Bank on the Northern Corridor linking the part of Mombasa in Kenya with the landlocked countries of Uganda, Rwanda and Burundi, and the Eastern part of Zaire. After comprehensive rehabilation programme the technical situation in West Africa is also generally satisfactory.

30. See "Union Internationale des Chemins de fer UIC Activities Report" 1990-1991

31. For a discussion of SATCC's approach to forecasting, see I.E.Smith 'Southern African Sub-regional Transit Traffic Survey', in Report of Workshop on Cooperative Arrangements between Land-locked Countries and their Transit Neighbours, Maseru, Kingdom of Lesotho, 17-19 May 1989. UNCTAD/RDP/LDC/21

32. For the most comprehensive assessment of these agreements see Non-Physical Barriers to Rail Movements and the Railway Working Agreements of the Preferential Trade Area, Consultancy report prepared by Vijay Raman for UNDP/UNCTAD Project RAF/77/017, September 1984; Report of the Symposium on transit traffic in East/Central Africa /UNCTAD/RDP/LDC(5-9) Geneva, 1991, pp 28-35.

33. For further discussion of railway management problems see in particular background documents "Transit systems serving the land-locked countries: Country Profiles in Southern Africa." (UNCTAD/LDC/Misc./7).

34. See "Second United Nations Transport and Communications Decade (UNTACDA II), Railway Transport Working Group Strategy Faber, ECA, 1990 pp. 12-13.

35. See 'Hidrovia Paraguay-Parana: viejo cauce para una integracion renovada', 'Oportunidades empresarias les en la Hidrovia Paraguay-Parana', 'La organizacion institucional de la Hidrovia Paraguay-Parana como programa de navegacion internacional', and "Proyeto Hidrovia": Oportunidades del empresariado', pp 1-51 in Integracion Latinoamericana, June 1991, no. 168.

36. See Transit Corridor Analysis : Central African Republic. Report prepared for UNDP/UNCTAD Project RAF/88/014, November 1989

37. For a more elaborate discussion of the issue of port facilities see "A note on the needs of the land-locked countries in transit ports" UNCTAD 1982.

38. For an analysis of how ports can become service centres , see UNCTAD Port Marketing and the Challenge of the Third Generation Port TD/B/C.4/Ac.7/14. An example of a more customer-oriented approach to the provision of transport services by a port authority is provided by Abidjan port. In 1991, a Commission of High Level Ministers was established to examine the port's competitiveness and its findings were much concerned with the way in which constraints on transit traffic were causing diversions to other West African Ports.

39. A full evaluation of the Entrepôts Maliens is found in World Bank Sahel Transport Corridors: The case of Mali, February 1989.

40. Dry ports are located inland but are linked directly to the sea-ports by surface modes of transport. Dry ports may be used whether a country has a sea port or is land-locked. Unlike most privately owned container terminals, dry ports are meant to be public user facilities open to all with customs clearance of cargo being done in the dry port, although of course public ownership and public operation on a common user basis are perfectly feasible. For a detailed discussion of the management and operation of a dry port see in particular Handbook on the Management and Operation of Dry Ports, UNCTAD, 1991.

41. See Welling, M. Customs Facilitation Symposium on Transit Transport Issues and Prospects, Lusaka, March 1990 (UNDP/UNCTAD Project RAF/86/046); and Customs Procedures and Trade Facilitation Symposium on Transit Traffic: Issues and Prospects, Mombasa, June 1991 UNDP/UNCTAD Project RAF/88/015.

42. See "Northern Corridor Transit Agreement", 1985. The UNCTAD Transit Transport project for East/Central Africa was instrumental in formulating and negotiating this agreement.

43. A broader discussion of the use of RCTD document is found in the background document "Legal and Institutional Framework for Transit Operations: Review of the current situation and proposals for improvement." (UNCTAD/LDC/Misc./10).

44. For a fuller discussion of the TIR Convention, see Background Document "Customs Transit in International Road Haulage" (UNCTAD/LDC/Misc./4).

45. See World Bank/Commission des Communautes Europeans Programme d'Ajustment Structural UDEAC "Transport en transit" Vol. 1, Documentation de Base March 1991

46. See SATCC Clearing and Forwarding in the SADCC Region, 1987; UNDP/UNCTAD The Kenya Clearing Forwarding and Warehousing Association and Les Transitaires et Autres Auxilliaires de Transport au Senegal, 1989 (RAF/89/028); World Bank Republique de Cote d'Ivoire : Competitivite - Procedures Applicables au Commerce E. erieur et aux Transports. Vol. 1 and vol 2 1992

47. The fullest discussion of the SIT is United Nations Economic and Social Council "Integrated Transit System for Bolivian Goods Transhipped through the Port of Arica" (E/CEPAL/1065, 1979). The present discussion is based on information provided by ECLAC.

48. TIM is similar to SIT, but it applies to exports as well as imports, and special provision has been made to allow for road transport. Also the Peruvian government, alleging violation of national antimonopoly laws, refused to authorized AADAA to act as the sole Customs agent for Bolivian inputs, and AADAA thus must compete for clients on equal terms with private agents, although it retains its status as the Bolivian government's official representative in the custody of imports.

49. The UNDP/UNCTAD projects on multimodal transport in Ethiopia and Benin and Mozambique are addressing some of these issues.

50. For a fuller discussion of the transit insurance problem of enterprises in landlocked countries. See Background Document "Improvment of Current Transit Insurance Arrangements for Land-locked Developing Countries" (UNCTAD/LDC/Misc./13).

51. See ITC Import Operations and Techniques in Malawi, ITC/DTC/677 1983

52. The work of LAC is discussed in the Monthly Information Bulletin published by LAC.

53. Very useful information on the working of BCG has been provided to UNCTAD Secretariat by the company.

54. See Transit Transport Bulletin of Issues and Prospects facing International Transport in Africa, Issue Nr. 4 1991 p.2; Report on the Progress in the development of trade facilitation committees in Lesotho and Swaziland (UNCTAD/LDC 16, Geneva 1989)

55. See "Report of workshop on cooperative arrangements between land-locked and their transit neighbours" (UNCTAD/RDP/LDC/21, Geneva, 1989.

56. See, for example, UNDP/UNCTAD Institutional Development and Human Resource Development of Freight Forwarding and Multimodal Transport Organization in Sub-Saharan Africa Project RAF/89/028 September 1990

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Table 1: Selected geographical and demographic data: land-locked developing countries

	Area (thousands of km^2)	Distance to the sea[a] (km)	Population					Labour force/ (percentage)	
			Density (population per km^2) 1991	Total (million) 1991	Average life expectancy at birth (years) 1990-1995[b]	Infant mortality (per 1,000 live births) 1990-1995[b]	Urban (percentage) 1990	In agriculture 1990	In industry 1989
Afghanistan	652.1	2 000-10 600	27	17.7	44	162	18	55	11
Bhutan	47.0	800	34	1.6	49	129	5	91	2
Bolivia	1 098.6	250-2 736	7	7.3	61	85	51	42	15
Botswana	581.7	1 100-1 400	2	1.3	61	60	28	63	9
Burkina Faso	274.2	900-1 210	34	9.2	48	118	9	84	4
Burundi	27.8	1 455-1 850	203	5.7	48	106	6	91	2
Central African Republic	623.0	1 400-1 815	5	3.1	47	105	47	63	6
Chad	1 284.0	1 715-2 015	4	5.7	48	122	30	75	4
Lao People's Democratic Republic	236.8	670	18	4.3	51	97	19	72	6
Lesotho	30.4	740-800	59	1.8	61	79	20	80	3
Malawi	118.5	560-700	74	8.8	44	142	12	75	6

Mali	1 240.2	1 170-1 289	8	9.5	46	159	19	81	2
Mongolia	1 566.5	..	1	2.2	64	60	52	30	16
Nepal	140.8	890	143	20.1	54	99	10	92	1
Niger	1 267.0	1 100-2 690	6	8.0	47	124	20	87	1
Paraguay	406.8	1 043-1 935	11	4.4	67	47	48	46	15
Rwanda	26.3	1 750	276	7.3	46	110	8	91	2
Swaziland	17.4	200-500	44	0.8	58	73	33	66	7
Uganda	235.9	1 450	77	18.1	42	104	10	81	3
Zambia	752.6	2 000-2 750	11	8.4	44	84	50	69	7
Zimbabwe	390.6	592-2 000	26	10.3	56	59	28	68	8
All land-locked developing countries	11 018.1	..	14	155.6	49	112	21	76	5
All developing countries	66 336 2	..	43	2885.9	59	87	39	54	12

Source: UNCTAD secretariat calculations based on data from the Statistical Office of the Secretariat, ECLAC, ECA, FAO, UNCTAD, UNDP and the World Bank.

a/ Distance from principal towns to main ports. The figures are the shortest and longest routes used.
b/ Projections.

Table 2 : Indicators on transport [a]

Country	Road network			Railways				Civil aviation			
	Total	Paved	Density	Network	Density	Freight	Passengers	Freight		Passengers	
	km	%	km/1000 km^2	km	km/1000 km^2	mio. ton km	mio. pass-km	Total	International	Total	International
								(thousand tons)		(thousands)	
Afganistan	19010	15.1	29.2	..	..	..	..	9.9	9.5	174	65
Bolivia	41642	4.2	37.9	3701	3.4	510	353	8.0	7.0	1273	376
Botswana	8890	26.0	15.3	714	1.2	1370	..	..	..	118	83
Burkina Faso	11150	11.7	40.7	504	1.8	..	..	7.6	7.5	112	85
Burundi	5430	15.7	195.1	..	..	..	..	5.6	5.6	58	57
Central Af.Rep.	24310	2.0	39.0	..	..	..	..	13.3	13.3	84	82
Chad	27000	1.4	21.0	..	..	..	..	..	..	..	..
Lao People's Dem.Rep.	12983	17.3	54.8	..	..	..	..	0.6	0.3	165	59
Lesotho	4650	11.4	153.2	..	..	..	..	..	..	58	35
Malawi	12890	18.0	108.8	782	6.6	113	117	5.7	4.6	233	157
Mali	14040	14.8	11.3	642	0.5	202	186	10.2	9.7	176	164
Mangolia	46700	19.3	29.8	1748	1.1	5956	579	..	..	..	..
Nepal	7362	40.5	52.3	52	0.4	..	..	17.5	17.0	800	600
Niger	19560	20.4	15.4	..	..	..	..	5.6	5.5	97	83
Paraguay	14783	13.5	36.4	441	1.1	14	2	..	..	..	..
Rwanda	12930	5.6	490.9	..	..	..	..	8.5	8.5	74	68
Swaziland	3447	20.0	202.8	316	18.6	5487	1157	..	..	40	40
Uganda	27000	6.7	114.5	1100	4.7	82	315	10.0	10.0	122	111
Zambia	37359	17.3	49.6	1924	2.6	..	..	14.0	13.2	590	405
Zimbabwe	78400	16.5	201.0	3415	8.8	5287	..	65.0	64.0	583	233

Source: IRU. *World Transport Data 1990:*
IRF. *World Road Statistics 1985-1989, edition 1990:*
ICAO Digest of Statistics. *Airport Traffic 1990:*
ESCAP. *Statistical Yearbook for Asia and the Pacific 1990* and national sources.
UN, Statistical Yearbook (37th issue-1992).

a Data refer to 1989 or latest year available.

Table 3 : Freight as a percentage of c.i.f. import values for selected group of countries

		1980	1989	1990
1	**World Total**	6.64	5.29	5.22
2	**Developed Market Economy countries**	5.49	4.42	4.40
3	**Developing countries total :**	10.44	9.05	8.60
	of which :	13.42	11.22	11.00
	in Africa	8.85	8.54	8.17
	America	10.41	8.35	8.19
	Asia			
4	**Landlocked developing countries :**			
	West Africa[1]	22.4	22.3	22.2
	East Africa[2]	17.3	16.8	16.5
	Latin America[3]	16.1	14.5	14.1

1. Burkina Faso, Central African Republic, Chad, Mali.

2. Burundi, Rwanda, Uganda, Zambia.

3. Bolivia, Paraguay.

Source:IMF, International Financial Statistical Yearbook

Table 4
Payments to foreign carriers for transport service as a proportion of total exports of goods and services

	Transport payments (million dollars) 1990	Exports of goods and services: total (million dollars) 1990	Transport payments ratio (per cent) 1990
Afghanistan	92.1[b]	280.6[b]	32.8[b]
Bolivia	149.4	995.5	15.0
Burkina Faso	109.8	369.2	29.7
Burundi	37.2	97.3	38.2
Central African Republic	61.4[c]	197.7[c]	31.1[c]
Chad	96.2[b]	199.0[b]	48.3[b]
Lao People's Democratic Republic	..	81.0[d]	..
Lesotho	25	555.1	4.5
Malawi	167.3[d]	334.8[d]	50.0[d]
Mali	185.3	440.0	42.1
Nepal	51.3	447.4	11.5
Niger	42.6[b]	368.7[b]	11.6[b]
Paraguay	6186.8	1939.3	9.6
Rwanda	48.6	149.2	32.6
Swaziland	16.9	815.3	2.1
Uganda	169.4[e]	409.6[e]	41.4[e]
Zambia	201.0[b]	1427.0[b]	14.1[b]
Zimbabwe	123.7[d]	1872.7[d]	6.6[d]
All developing countries	55712.0	955747.0	5.8

Source: UNCTAD secretariat, mainly based on information from the OECD secretariat, UNCTAD Handbook of International Trade and Development Statistics and the IMF.

a/ Total external short-term and use of IMF credit.
b/ 1989.
c/ 1987.
d/ 1988.
e/ 1986.

Table 5 **Export value and purchasing power of exports of the land-locked developing countries**

Country	Exports in 1991			Annual average growth rates (%) of :											
				Export value				Purchasing powerof exports				Purchasing power of of exports per capita			
	Total $ million	% of GDP [a]	Per capita $	1970-1980	1988-1989	1989-1990	1990-1991	1970-1980	1988-1989	1989-1990	1990-1991	1970-1980	1988-1989	1989-1990	1990-1991
Afghanistan	210	2.9	12	21.2	-45.0	-1.3	-10.6	7.9	-47.0	-7.8	-10.8	6.1	-49.1	-12.6	-16.5
Bhutan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Bolivia	858	20.1	117	19.9	36.8	9.5	-4.7	6.4	34.7	2.5	-4.9	3.8	31.4	0.0	-7.1
Botswana	1310	41.0	1027	34.4	22.4	-11.1	1.9	18.5	18.1	-17.5	2.5	14.2	14.8	-19.8	-0.5
Burkina Faso	75	2.3	8	18.4	-47.2	-2.7	2.7	5.2	-49.0	-9.4	3.1	2.8	-50.4	-11.8	0.3
Burundi	76	6.8	13	17.2	-41.4	-3.8	1.3	3.4	-43.4	-10.7	1.9	1.7	-45.0	-13.3	-1.0
Central African Rep.	133	10.0	43	13.4	103.0	-3.0	2.3	1.0	97.7	-8.6	1.3	-1.2	92.4	-11.0	-1.3
Chad	137	12.2	24	14.0	-2.8	-2.2	2.2	1.4	-6.1	-9.1	2.0	-0.6	-8.0	-11.1	-0.5
Lao People's Dem.Rep.	80	9.2	18	19.1	-1.2	0.0	0.0	5.1	-4.7	-7.1	0.6	3.3	-7.7	-10.0	-2.5
Lesotho	40	7.4	22	26.0	0.0	0.0	0.0	11.1	-3.5	-7.1	0.6	8.6	-5.9	-9.4	-1.9
Malawi	540	22.5	61	16.4	-6.0	56.6	29.2	3.2	-8.5	44.4	29.8	0.2	-11.5	39.8	25.5
Mali	280	10.8	29	21.1	8.8	-2.2	5.7	7.2	5.0	-9.4	5.9	4.8	1.8	-12.2	2.6
Mongolia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Nepal	250	6.7	12	9.8	-17.2	31.4	19.6	-3.1	-20.1	22.1	20.3	-5.6	-22.2	19.0	17.3
Niger	250	9.7	31	33.8	-13.8	-2.0	2.0	18.7	-17.7	-10.1	3.4	15.3	-20.3	-12.9	0.1
Paraguay	950	17.5	216	18.8	77.0	-17.5	-0.9	3.8	70.8	-24.1	0.3	0.8	66.0	-26.2	-2.5
Rwanda	112	5.2	15	21.1	-18.5	25.0	1.8	7.5	-21.2	17.2	2.2	4.1	-23.8	13.3	-1.2
Swaziland	430	62.4	558	16.0	-2.2	-0.7	-2.3	2.0	-5.0	-8.2	-1.2	-1.0	-7.4	-10.5	-3.7
Uganda	195	3.8	11	4.6	-8.8	-39.2	28.3	-7.5	-10.1	-43.3	27.4	-10.2	-12.9	-45.0	23.5
Zambia	920	21.4	109	3.5	14.3	-33.3	2.3	-8.3	11.0	-38.5	2.9	-11.0	7.0	-40.7	-0.8
Zimbabwe	1300	20.9	127	12.9	-20.3	-2.3	2.4	-0.7	-22.6	-9.7	3.5	-3.7	-25.2	-12.6	0.3
All land-locked developing countries	**8146**	**14.1**	**54**	**12.9**	**5.6**	**-7.8**	**2.9**	**-0.2**	**2.4**	**-14.7**	**3.4**	**-2.6**	**-0.8**	**-17.4**	**0.0**
All developing countries	**781400**	**27.3**	**271**	**25.9**	**12.6**	**13.3**	**5.9**	**10.1**	**9.0**	**4.7**	**7.4**	**7.5**	**6.4**	**2.3**	**5.0**

Source: UNCTAD secretariat calculations, mainly based on *UNCTAD Handbook of International Trade and Development Statistics, Supplement 1991.*

Note: Annual average growth rates are based on an exponential trend function.

a 1990 data.

Table 6 **Import value and volume of the land-locked developing countries**

Country	Imports in 1991			Annual average growth rates (%) of :											
				Import value				Import volume				Import volume per capita			
	Total $ million	% of GDP [a]	Per capita $	1970-1980	1988-1989	1989-1990	1990-1991	1970-1980	1988-1989	1989-1990	1990-1991	1970-1980	1988-1989	1989-1990	1990-1991
Afghanistan	650	11.0	37	19.4	-11.3	10.8	-26.5	6.3	-14.6	3.5	-26.6	4.6	-17.9	-1.9	-31.3
Bhutan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Bolivia	942	16.0	128	20.6	4.9	15.5	31.6	7.1	3.3	8.1	31.3	4.4	0.8	5.6	28.1
Botswana	1600	56.8	1255	28.2	26.8	17.6	-10.1	13.1	22.3	9.2	-9.6	9.0	18.8	6.1	-12.2
Burkina Faso	500	15.4	54	21.8	-34.2	52.2	2.0	8.2	-36.4	41.6	2.4	5.8	-38.1	37.8	-0.4
Burundi	260	21.4	46	22.4	-8.7	25.5	10.2	8.0	-12.0	16.6	10.8	6.2	-14.5	13.2	7.6
Central African Rep.	160	12.3	52	8.9	6.4	6.7	0.0	-3.0	3.6	0.5	-0.9	-5.1	0.8	-2.1	-3.6
Chad	540	48.1	95	7.5	3.8	21.8	1.9	-4.4	0.3	13.2	1.7	-6.3	-1.7	10.7	-0.8
Lao People's Dem.Rep	155	17.9	36	2.4	-7.4	3.3	0.0	-9.7	-10.7	-4.0	0.6	-11.2	-13.5	-7.0	-2.5
Lesotho	450	97.5	251	30.8	2.3	20.5	-15.1	15.3	-1.3	11.9	-14.6	12.7	-3.7	9.1	-16.7
Malawi	600	30.8	68	17.1	24.2	12.8	4.7	3.8	20.9	4.0	5.2	0.8	16.9	0.7	1.7
Mali	610	24.4	64	23.2	-2.5	20.0	1.7	9.0	-6.0	11.1	1.9	6.6	-8.8	7.7	-1.3
Mongolia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Nepal	770	22.0	38	18.6	-14.6	18.1	12.2	4.6	-17.6	9.7	12.9	1.9	-19.7	6.9	10.1
Niger	370	14.3	46	27.5	-1.3	-2.7	2.8	13.2	-5.8	-10.8	4.2	9.9	-8.7	-13.5	0.8
Paraguay	1212	24.0	276	24,5	3.6	88.9	-7.7	8.8	0.0	73.9	-6.6	5.7	-2.9	69.0	-9.1
Rwanda	310	13.5	43	26.4	-9.8	-13.5	7.6	12.2	-12.7	-18.9	8.1	8.6	-15.6	-21.6	4.4
Swaziland	430	71.0	558	25.5	12.6	-13.9	-14.0	10.4	9.4	-20.5	-13.0	7.1	6.7	-22.5	-15.3
Uganda	660	19.5	36	2.9	19.9	19.6	-15.4	-9.1	18.1	11.7	-16.0	-11.7	14.4	8.2	-18.5
Zambia	1200	29.5	142	5.6	4.1	42.4	-3.5	-6.4	1.0	31.2	-2.9	-9.2	-2.6	26.5	-6.4
Zimbabwe	1000	17.3	97	10.9	-16.2	-3.7	-4.8	-2.5	-18.6	-11.0	-3.7	-5.4	-21.4	-13.8	-6.7
All land-locked developing countries	**12419**	**22.9**	**82**	**15.8**	**0.5**	**19.2**	**-3.5**	**2.4**	**-2.8**	**10.7**	**-3.2**	**-0.1**	**-5.8**	**7.2**	**-6.4**
All developing countries	**780300**	**26.8**	**270**	**23.8**	**10.7**	**15.4**	**7.9**	**8.3**	**7.2**	**6.6**	**9.4**	**5.8**	**4.7**	**4.2**	**6.9**

Source: UNCTAD secretariat calculations, mainly based on *UNCTAD Handbook of International Trade and Development Statistics, Supplement 1991.*

Note: Annual average growth rates are based on an exponential trend function.

a 1990 data.

ANNEX 2

INTERNATIONAL TREATIES

State members of UNCTAD which are Contracting Parties to a selected number of key international conventions relevant to transit traffic operations

	1965 Transit convention[a]	GATT Article V[b]	Kyoto Convention[c]	TIR Convention[d]	1972 Container convention[e]	1982 Frontier control of goods convention[f]	Hague Convention[g]	Warsaw Convention[h]	CIM[i]	CMR[j]	1968 Road Traffic convention[k]	Hamburg Rules 1978[l]
Land-locked developing countries (Africa)												
Botswana		X						X				X
Burkina Faso	X	X						X				X
Burundi	X	X	X									
Central African Rep.	X	X									X	
Chad	X	X						X				
Lesotho	X	X	X			X						X
Malawi	X	X						X				X
Mali	X	X						X				
Niger	X	X						X			X	
Rwanda	X	X	X					X				
Swaziland	X							X				
Uganda		X	X					X				X
Zambia	X	X	X					X				X
Zimbabwe		X	X					X			X	
Transit countries (Africa)												
Algeria			X	X	X		X	X	X			
Angola							X	X				
Benin		X						X				
Cameroon		X	X				X	X				

	1965 Transit convention[a]	GATT Article V[b]	Kyoto Convention[c]	TIR Convention[d]	1972 Container convention[e]	1982 Frontier control of goods convention[f]	Hague Convention[g]	Warsaw Convention[h]	CIM[i]	CMR[j]	1968 Road Traffic convention[k]	Hamburg Rules 1978[l]
Congo		X						X				
Côte d'Ivoire		X	X				X	X			X	
Ghana		X					X	X				
Guinea							X	X				X
Kenya		X	X				X	X				X
Mauritania		X						X				
Mozambique		X					X	X				
Nigeria	X	X	X					X				X
Senegal		X	X				X	X				X
South Africa		X	X			X					X	
Sudan												
Tanzania, United Republic		X					X	X				X
Togo		X										
Zaire		X					X	X			X	
Land-locked countries (Asia)												
Afghanistan				X				X				
Bhutan												
Lao, People's Rep.	X							X				
Mongolia	X							X				
Nepal	X							X				
Transit countries (Asia)												
China			X		X			X				

	1965 Transit convention[a]	GATT Article V[b]	Kyoto Convention[c]	TIR Convention[d]	1972 Container convention[e]	1982 Frontier control of goods convention[f]	Hague Convention[g]	Warsaw Convention[h]	CIM[i]	CMR[j]	1968 Road Traffic convention[k]	Hamburg Rules 1978[l]
Cambodia								X				
India		X	X					X				
Iran				X			X	X			X	
Pakistan		X	X					X			X	
Russian Federation	X			X	X	X		X		X	X	
Thailand		X										
Viet-Nam								X				
Land-locked countries (Latin America)												
Bolivia		X										
Paraguay							X	X				
Transit countries (Latin America)												
Argentina		X					X	X				
Brazil		X						X			X	
Chile	X	X		X								X
Peru		X					X					

a/ Convention on Transit Trade of Land-locked countries, 1965
b/ The General Agreement on Tariff and Trade
c/ International Convention on the simplification and harmonization of customs procedures
d/ Customs conventions on the international transport of goods under cover of TIR carnets
e/ Customs convention on containers, 1972
f/ International convention on the harmonization of frontier concols of goods
g/ International convention for the unification of certain rules relating to Bills of lading
h/ Convention for the Unification of certain rules relating to international carriage of air
i/ International convention concerning the carriage of goods by rail (CIM)
j/ Convention on the contract for the carriage of goods by road (CMR)
k/ Convention on Road Traffic, 1968
l/ United Nations convention on the carriage of goods by sea, 1978.

ANNEX 3

REGIONAL AND BILATERAL AGREEMENTS

Sub-regional and bilateral agreements between land-locked developing countries and their transit neighbours relating to transit, rail, road and port facilities

Land-locked Developing Countries	Sub-regional and/or Bilateral transit agreement	Free trade areas	Customs unions	Currency unions	Joint ownership railways	Inter-railway agreements	Bilateral agreement on ports	Reserve port
Botswana	SACU[a] MOU[b]	SADC[c]	SACU[c]					
Burkina Faso	TRIE[h] Côte d'Ivoire, Ghana, Mali, Togo, Benin	CEAO[d] ECOWAS[e]		BCEAO[k]		Côte d'Ivoire	Togo, Côte d'Ivoire, Benin	Côte d'Ivoire
Burundi	NCTA[j] Tanzania	PTA[f]					NCTA Tanzania	Tanzania
Central African Republic	Cameroon, Gabon, Congo, Equatorial Guinea	UDEAC	UDEAC	Cameroon Congo				Congo, Cameroon
Chad	Algeria, Cameroon, Central African Rep., Congo	UDEAC[g]	UDEAC	Cameroon Central African Rep., Congo				Congo
Lesotho	SACU, MOU	SADC, PTA	SACU	RMU				
Malawi	Tanzania, Mozambique, Zambia	SADC, PTA				Mozambique	Tanzania, Mozambique	Tanzania, Mozambique
Mali	TRIE, Benin, Côte d'Ivoire, Togo, Burkina Faso	ECOWAS CEAO		BCEAO		Senegal	Togo, Benin, Mauritania, Côte d'Ivoire Senegal	Togo, Benin, Côte d'Ivoire, Senegal
Niger	TRIE, Benin, Burkina Faso, Nigeria, Ghana, Côte d'Ivoire	ECOWAS, CEAO		BCEAO			Benin, Togo, Nigeria	Benin, Nigeria
Rwanda	NCTA	PTA					Tanzania NCTA	Tanzania
Swaziland	SACU, MOU	SADC, PTA	SACU	RMU		Mozambique		Mozambique
Uganda	NCTA	PTA				Kenya, Tanzania	NCTA, Tanzania	
Zambia	Tanzania	SADC, PTA			Tanzania	Tanzania, Zimbabwe, Zaire, South Africa	Tanzania	
Zimbabwe	Mozambique	SADC, PTA				Zambia, Mozambique, South Africa	Mozambique	Mozambique

Land-locked Developing Countries	Sub-regional and/or Bilateral transit agreement	Free trade areas	Customs unions	Currency unions	Joint ownership railways	Inter-railway agreements	Bilateral agreement on ports	Reserve port
Afghanistan	Iran, Pakistan, Russia Federation							Pakistan
Bhutan	India	India	India	India				
Laos	Thailand						Thailand, Vietnam	Thailand
Mongolia	Russia Federation, China				Russian Federation			
Nepal	India						India, Bangladesh	India
Bolivia	Argentina, Brazil, Chile, Peru	ALADI[i]			Chile		Chile, Peru	Chile, Peru
Paraguay	Argentina	Aladi, Argentina, Brazil						Argentina

a/ SACU Southern African Customs Union
b/ MOU Memorandum of Understanding between the Government of South Africa, Botswana, Lesotho and Swaziland
c/ SADC South African Development Community
d/ CEAO West African Development Community
e/ ECOWAS Economic Community of West African States
f/ PTA Preferential Trade Area for Eastern and Southern African States
g/ UDEAC Central African customs and Economic Union
h/ TRIE Convention relating to inter-state road transit of goods
i/ ALADI Latin American Integration Association
j/ NCTA Northern Corridor Transit Agreement
k/ BCEAO Central Bank of West African States
l/ RMU Rond Monetary Union